

THE STEEL LINK FORRESTER

NEWS SUMMARY

GENERAL 5 die as jet hits homes

Three children were killed and two women died when their RAF Canberra plunged into the sea...

Rippon takes over Mr. Geoffrey Rippon, a former Environment Secretary...

Capital reprieve Mrs. Marie Murray, who was sentenced to hang last year for the capital murder of a policeman...

Suarez alliance The Union of the Democratic Centre, comprising 15 political parties supporting Sr. Adolfo Suarez...

Kuwait ban The Financial Times has been banned from Kuwait because, according to its information minister...

Skippers freed In the case of the ten Dutch sailors held at Cork for alleged breaches of Ireland's sherry regulations...

Fans defect Polish police said that 24 Polish soccer fans who came to Copenhagen for a World Cup match...

Briefly... read is to go up by 1p a large lot and 1p a small lot on Monday.

Chief price changes yesterday Prices in pence unless otherwise indicated

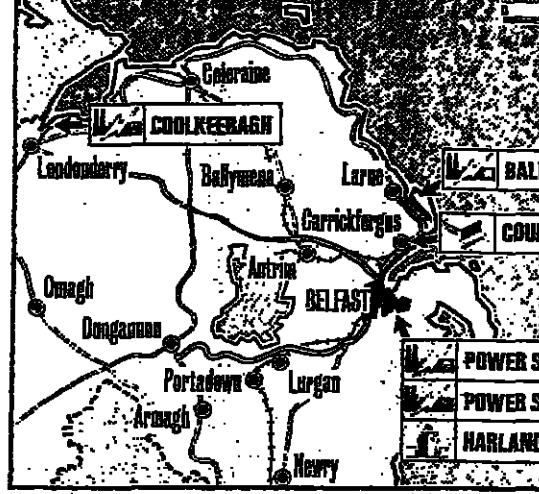
Table with columns for RISES and FALLS, listing various commodities and their price changes.

Strike in Ulster may spread as threats harden

BY ROY HODSON IN NORTHERN IRELAND

Widespread intimidation by Protestant Loyalists made the general strike called by the United Unionist Action Council...

The strike is expected to grip the province even harder to-day as more threats are received and those people who are still at work are influenced by the growing numbers who have reluctantly taken the advice of the militants...



A growing barrage of criticism is being heaped from industrial and business quarters about the level of protection being given by security forces against intimidation...

So far, the disruption to essential services has been small. But Larne harbour, the main roll-on-roll-off port in the province...

Callaghan to tackle U.S. on nuclear plan

BY PHILIP RAWSTORNE

MR. JAMES Callaghan is to take the argument against U.S. proposals for restricting the reprocessing of nuclear fuel...

The U.S. plan effectively would put an end to any chance of Britain expanding the nuclear fuel reprocessing facility at Windscale. It would end hopes of large reprocessing contracts from Japan and other users of U.S. enriched uranium.

The U.K. alternative

WASHINGTON, May 3.

BRITAIN IS preparing alternative anti-proliferation proposals, in face of the U.S. call for a moratorium on the reprocessing of spent nuclear fuel...

U.S. money supply targets cut

BY JUREK MARTIN, U.S. EDITOR

DR. ARTHUR BURNS, chairman of the Federal Reserve Board, sounded another sombre warning about the underlying inflationary trends in the U.S. economy to-day with the announcement that growth targets for the two broader measurements of the money supply had been reduced.

Official reserves rise to \$10.13bn.

By Peter Riddell, Economics Correspondent

BRITAIN'S official reserves rose by \$512m. last month to \$10.13bn—about \$6bn. higher than at the start of the year. But the rate of inflow is now expected to slow down.

The underlying inflow since the beginning of December when confidence started to recover now totals \$4.26bn, offsetting a large part of last year's unprecedented outflow.

The rise in the reserves last month probably owed rather more than earlier in the year to an increase in the so-called hot money deposits by foreigners in the U.K.

On the other hand, some City commentators argue that in spite of these short-term fluctuations the upward pressure on sterling will continue in view of the deficit improvement in the current account of the balance of payments and the tight monetary policy.

Table showing exchange rates for £ in New York, with columns for May 3 and Previous.

CBI survey points to rise in investment

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

INVESTMENT by U.K. manufacturing industry should continue to increase strongly during the next few months, according to the latest quarterly trends survey from the Confederation of British Industry.

The indicators also suggest that manufacturing investment will be about 20 per cent higher in the year ending September 1978 than in the previous 12 months.

The CBI was quick to point out that the investment recovery is taking place from a very low base. Even so, if the forecast levels are reached, investment will be a little higher by September 1978 than the peak reached in 1970.

The CBI has previously estimated that the volume of investment in 1977 would grow at between 10 and 15 per cent compared with 1976 and the survey has given it no reason to alter that judgment.

Accurate

The trends thrown up by the CBI's questionnaire are in line with the Treasury forecast made at the time of the Budget that manufacturing investment would improve by 17.5 per cent to mid-1978.

The survey regarded as one of the most accurate guides to underlying industrial trends, was carried out in April after companies had had a chance to assess the implications of the Budget.

It showed that confidence about the general business situation in manufacturing industry, to which the survey is confined

Table with columns for FEATURES and TO-morrow's local elections, listing various news items and their page numbers.

ON OTHER PAGES Appointments Advise... 2 Men and Matters... 16

Large advertisement for SAA (South African Airways) with text 'Now London to Cape Town non-stop' and an image of a jet.



LOMBARD

Letting London fade away

BY JOE ROGALY

SENSIBLE Londoners will, of course, vote for the Abolish the Greater London Council party in tomorrow's local elections; the pity of it is that no national movement of the kind exists, for if the GLC, the first and worst of the new megalomaniac councils, ought to be liquidated, then the case applies with equal force to its imitators in Manchester, the West Midlands, Merseyside, and the other main areas of urban suffering. All these councils, burdens placed upon our backs by Conservative Governments, have accelerated the rate of domestic inflation without contributing to anyone's well-being; the apologetics of the progenitor of all save the GLC—Mr. Peter Walker—in his stimulating new book "The Ascendancy of Britain" has certainly failed to convince this reader that the super-councils are necessary.

On the other hand fresh evidence that they are positively harmful has been published this week, and I commend it to Mr. Walker, who has the rare merit among the current generation of politicians of addressing himself seriously to issues and policies. The evidence, in the case of London, is in a new opinion poll conducted for Thames Television by Research Surveys of Great Britain. Now one poll never makes a QED, but when sample survey results match the results of other forms of research they can be taken seriously.

Surprise

The Thames TV pollsters report that three-quarters of the inhabitants of the GLC area feel that they have no chance to influence local government decisions; the surprise here is that the proportion of disgruntled or apathetic is not nine-tenths. Even more significantly, more than half the respondents said that they would like to move away, with the impetus to get out most strongly felt in the inner part of London. This matches the evidence of those who have voted with furniture vans: the population of London has fallen by 1.2m. since 1951, and 900,000 of that fall is attributable to a flight from the dozen inner London boroughs.

It is also a good fit with much of the information in a rather bitty new book, "London: the Heartless City," by David Wilcox and David Richards, published by Thames TV. The authors do not conclude that the GLC should be abolished, and to my mind if one takes the conventional

City centres

This means a total recast of mind. Our leaders should set aside the notion of a case for a conurbation is something with a centre, a "heart," towards which most people want to gravitate; this is true only of a proportion of young single people, childless couples, and professional intellectuals. Most of the other inhabitants of city centres are poor, or non-white, or unemployed, and in many cases these people want to escape, rather than be further entrapped by yet more walls of concrete, floors of asphalt, and window-bars of steel. The defenders of super-councils say that, given the powers and the money, they could help such people to move to the suburbs; but you need a strong-minded Government to do that, not a local authority.

If the way most people want to live was better understood, then the pattern of local government could be different. What is required is a collection of single, reasonably small, mainly suburban authorities, with at least three-quarters of their activities financed by those who vote for them; if there must be a stage between that and central Government only provincial councils ("States") directly elected and financed, would fit.

Natural forces will take us to that destination one day, for if there is one thing London as a whole is crying out, it is that the big city is tired of life. It should be allowed to pass away, with as little fuss as possible.

RACING

Much improved Assured to take Chester Cup

Assured, who put up a smart display here last year when giving Crimson Coon more than

greater danger could be Slim Jim's stable companion, Night In Town. Fulke Johnson Houghton, whose Hotfoot colt Hot Grove earned himself a 26-1 quote for the Derby when accounting for his Chester Vase rivals yesterday usually does well at this meeting and Sharpen Your Eye could be another winner for the Blewbury establishment in the Red Dragon Stakes.

SALEROOM BY ANTONY THORNCROFT

Robert Strauss bronzes sell for £250,000

THE ROBERT STRAUSS collection of Renaissance and later bronzes, one of the finest to appear on the market for many years, was sold at Christie's yesterday for £251,130. Last year the same auction house disposed of the Strauss collections of Maiolica for £309,590 and Fabergé works of art for £304,560.

The top price yesterday was the £18,000 (plus the 10 per cent buyers premium) for a private buyer for a Bologna-Susini bronze of Nessus and Dejanira, made around 1600. A figure of the Belvedere Apollo, executed in Paris around 1700 and originally in the French royal collection at Versailles, sold for £15,000 to Salmon, a French dealer.

Other good prices in an auction which went according to plan were the £13,000 for a Roman mid-18th century rectangular relief of an allegorical scene, and £12,000 for a kneeling satyr from the workshop of Riccio. The same price was paid for a large bronze baptismal bowl by Giovanni Albergotti, and by H. S. Welby for a ewer by Desiderio da Firenze.

BY DOMINIC WIGAN

Wines and spirits

A Tehran dealer gave £22,000 for a 18th century Persian manuscript on polished paper from Khurasan, and another Persian manuscript, with 24 miniatures produced at Shiraz around 1530; the same sum secured a Qajar painting in four sections showing the sultan Fa'ih Ali Shah and ambassadors, a work of about 1825.

High flyer

A WORLD "parascending" record has been set at Lake Windermere by a 27-year-old Edinburgh man, Mr. Doug Rae. He stayed airborne beneath a boat-towed parachute for 15 hours 20 minutes, beating the previous world record held by a New Zealander, by 20 minutes.

At Christie's which totalled £80,534. Top prices were the £25,500 for an ink dish of about 1550; £2,500 for a sajar silver halibut base; and £2,500 for a Persian hard of about 1830. Harmer's first two days of a general stamp auction realised £75,359 with a 1928 Ile de France flown cover from New York to Le Havre almost doubling its forecast at £3,400.

Sotheby's also started to dispose of a large amount of wine and spirits at a two-day auction at the Cafe Royal. Particularly good prices were paid for claret a dozen bottles of Chateau Lafite bought for £550 and another dozen of the same wine fetched £540.

There was also an Islamic sale



BELVEDERE APOLLO Sold yesterday for £15,000

GARDENS TO-DAY

Falling in love with Peruvian Lily

BY ROBIN LANE FOX

I HAVE JUST lost my head and bought a bag of cut-price plants. For a few pounds, I have bought Alstroemeria in bulk, twenty-eight pounds in weight of a flower which is quite unlike any other and which only pokes up in one or two places in my garden already. Undoing the string, I begin to suspect that I may, however, have bought a huge bulk of the wrong variety.

The night one is so good that I may perhaps jolt you into finding space for it. You will need a lot because it is not predictable, is the strain called Light Hybrid. I know nothing quite like the colours to be found in this, except perhaps in some of the Ghent Azaleas which will not grow in my soil.

Peruvian Lilies, however, are found in hot, hot soil which is full of lime. They grow excellently in a narrow bed below one of those stone walls which is always shedding mortar and crumbling its stone facing on to the ground below. They must be in the favour of the sun. They are thoroughly hardy.

Substitutes

Why are they special? Because their showy colour in the best sense. They are excellent flowers for cutting; a friend grows six long rows of these Peruvian Lilies for his local florist's trade and claims that on his favourite soil, they nearly allow him the cost of the luxurious necessity of a man to mow his lawn weekly from May.

at least, until September. They last well in water and mix with any surroundings. So they are worth their space. My original plants came from Broadwell Nurseries, Morotown, Marsh, Glos. who have made them a speciality for over 30 years and have views on how best to establish them. Caught from a specialist's stock, Broadwell will only sell their stock in pots, already growing, for the Peruvian Lily is like the Snowdrop; it changes homes most readily when it is not transplanted as a dry mat of tubers.

You have a month or two in which to wonder whether you wish to go in for these lovely plants: Broadwell advises that they should be moved when they have died down, in late July or early August, you will see that the patron of the Peruvian Lily is much concerned with the problems of gaps. By late summer their three foot long stems are dead and gone.

Before discussing this difficulty, I will pass on advice to those who prefer to buy from merchants or garden centres and thus to plant these lilies when dry. You must plant them deeply, at least six inches from the top of the soil, and then to the level of the soil. This advice, not disproved by my own experience, derives from the elderly heir to a long-dead Edwardian gardener whose borders of Alstroemeria were said to have been exceptional. So I trust him, even beyond the grave.

APPPOINTMENTS

Rolls-Royce executive posts for G. R. Fenn

Mr. G. R. Fenn, managing director of the Car Division, will be joining the Board of ROLLS-ROYCE HOLDINGS and will become the chairman of the Mulliner Park Ward Division on June 17. His appointments follow the retirement of Mr. T. P. Barlow on that date. Mr. Fenn joined Rolls-Royce in 1958 and became materials director of the Car Division at Crewe in 1973. In 1975 he was made general manager of that division and managing director in June last year.

Mr. Jack Wallwork, managing director of Northcliffe Newspapers Group, has been elected president of the NEWSPAPER SOCIETY. He is a member of the Board of Associated Newspapers Group and has been chairman of the Press Association and a director of Reuters.

Mr. Keith M. Taylor is joining the Board of PULLMAYLE INTERNATIONAL as managing director and Mr. Clive J. Steiner is joining as finance director. That is at present a divisional director of Smiths Industries and the U.K. marketing director of the motor accessories sales and service division. Mr. Steiner is manager, central accounting and control, British Leyland. The chairman of Pullmayle is Mr. John Barber who was finance director of the Ford Motor Company and deputy chairman of managing director of British Leyland.

Mr. James A. Lumsden has been appointed chairman of the SCOTLAND FIDELITY INSTITUTION. Mr. Lumsden is a director of the Bank of Scotland and of several other companies. He is also chairman of the Murray Johnstone group of investment trusts.

Mr. Patrick G. Walker has been appointed chairman of WATMOUGHS (HOLDINGS). Mr. A. P. Dijkens and Mr. A. R. M. Graham have both been appointed executive directors on the Board of the BRADFORD HEPBURN GROUP. Mr. Dijkens will be responsible for group finance and Mr. Graham will coordinate group management services. Tom Cadeck has retired from the Board.

Following completion of the joint Barrow Hepburn Group and National Enterprise Board investment in British Tamper Products, the Board of that company consists of Mr. G. R. Odey, non-executive chairman, Mr. R. J. Hinde, managing director, Mr. R. H. Graham, and Mr. J. H. Murray, a non-executive director. Other executive directors will be Mr. A. R. Collinson, assistant managing director, Mr. A. E. Wood, Mr. K. M. Hodson, Mr. D. J. M. Leask and Mr. H. L. Shepherd.

Mr. Trevor Mayer has been appointed managing director of JAMES DAVIES (BURLEIGH), a subsidiary of Ferro (Great Britain). Mr. Gordon J. Evans, who has relinquished the position on his retirement, continues as a consultant.

Mr. James H. Shaw has resigned as president of the BRADFORD ARMY BUILDING SOCIETY but remains a director. Mr. Norman H. Shaw, has become vice-president and Mr. J. P. Knight, president.

Mr. J. C. Smith, deputy chairman and chief executive of the Northern Ireland Electricity Board, has been appointed chairman of the EAST MIDLANDS

will not show up for the year or two, you can be certain that they have settled, they spread with determined vigour which will draw themselves to the notice. Later, you must cover them over with plants which make their growth late in the year. As the Peruvian Lily likes to its deep, ground it is not uprooted and fro-ing above its almost hardy state. An excellent late-season plant, the invaluable trailing white Viola called Corvata ADB, which flowers throughout the best months and also the fine coral of the pinkish-white flowers on Gypsophila Rosea Veil, a spectacular plant which makes its best growth from July onwards.

Rarities

Annuals are another obvious replacement, not least the convenient Nasturtium. These plants will give your group of Peruvian Lilies an autumn season. Forethought is especially advised here. These beautiful flowers, native from Chile as well as Peru; new varieties are being imported, old ones replenished, and it may soon be possible to enjoy a wider range of height and colour, especially among the oranges and the brick-red, black, and white. However, Sherborne, Dorset offers such smaller rarities as the foot-high pink Hooker from time to time. I am persuaded that these plants, like few others, are worth the early bank years even in a sunny garden. Spare them a thought, or try to visit them, over the next few summer months.

Mr. Jim Clark has joined Penton and will be chief executive of the Penton Building and Construction Group in succession to Mr. Prescott. Mr. Peter North, at present responsible for engineering in the U.S. with the American Licensor of certain of the engineering products manufactured by Penton in the U.K.

Mr. D. Tinsman has been appointed to the Board of EDMUNDS WALKER, a member of the Associated Engineering Group, as automotive sales director.

Mr. Eric Edgell, Mr. Sam Mitchell and Mr. James Collands have joined STOCKMASTER AND MOORE, stockbrokers, as associate members.

Mr. Ken Charles, Mr. Ronald Keen and Mr. Duncan Milroy have been appointed directors of OIL AND MINING SERVICES following its merger with Bromsworth.

Mr. Derek Hughes has been elected president of the PAINTMAKERS ASSOCIATION OF GREAT BRITAIN in succession to Mr. H. Rose.

Mr. Barry Matthews has been appointed industrial buildings sales director of CONDER SCOTLAND.

Mr. A. R. T. Peebles has been

The National Freight Corporation has appointed Mr. R. S. Sams as managing director of TEMPO GROUP. Mr. J. C. H. Mellor has been director of finance. Tempo Group, following the resignation of Mr. P. L. H. Gray.

Lord Melchett, Mr. Grenville Lucas, and Mr. Richard Fitter have been appointed trustees of the WORLD WILDLIFE FUND.

Mr. Noel W. Deeks and Mr. Michael J. Prince have been appointed directors of JAMES WALKER GOLDSMITH AND SILVERSMITH.

Mr. D. Tinsman has been appointed to the Board of EDMUNDS WALKER, a member of the Associated Engineering Group, as automotive sales director.

Radio

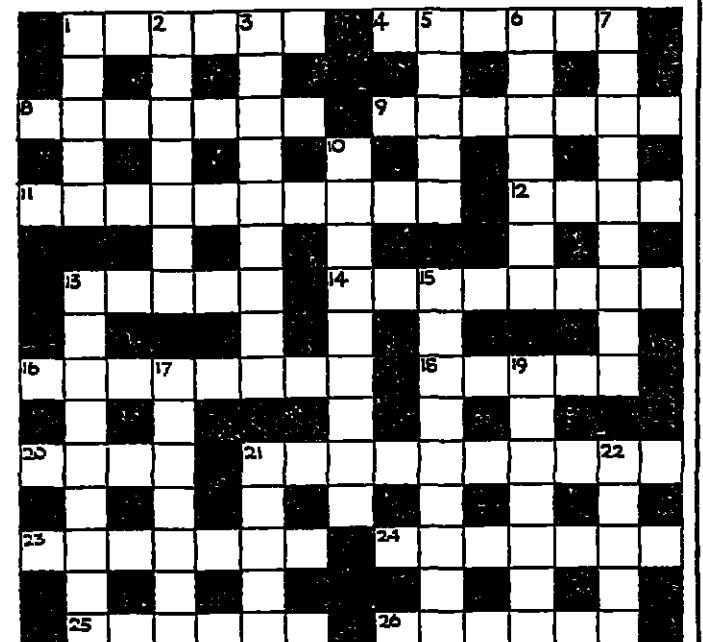
Indicates programme in black and white. BBC 1: 6.40-7.55 a.m. Open University (UHF only). 9.30 For Schools. Colleges. 10.45 You and Me. 11.00 For Schools. Colleges. 11.35 Silver Jubilee. The Queen replies to Local Addresses by both Houses of Parliament. 12.45 p.m. News. 1.00 Pebble MILL. 1.45 Heads and Tails. 2.01 For Schools. Colleges. 2.10 Racing from Chester. 2.35 Regional News (except London). 2.55 Play School (as BBC-2 11.00 a.m.). 4.20 Star Trek. 4.40 Star Turn. 5.10 Alarm in the Danube.

Delta: 5.35 Fred Basset. 5.40 News. 5.55 Nationwide (London and South-East only). 6.20 Nationwide. 6.50 High Adventure: "Tall Man Riding" starring Randolph Scott. 8.10 Survivors. 9.00 Party Political Broadcast by the Conservative Party. 9.10 News. 9.35 Sportlight. 10.25 Harry O. 11.15 To-night. 11.55 Weather/Regional News. All Regions as BBC-1 except at the following times:—

Wales—2.18-2.38 p.m. 1 Ysgolion. Howat at Ynys (1). 5.04-5.24 Bill. 5.55-6.20 Wales To-day. 6.50 Heddiw. 7.10 Pobl y Cwm (senod) pennoed 17. 7.40-8.10 A Question of Sport. 11.55 News and Weather for Wales. Scotland—5.45 a.m. Reporting Scotland. 6.00-9.10 Party Political Broadcast on behalf of the Scottish Conservative Party. 11.55 Politics Now—the Loneliest Job. 12.21 a.m. News and Weather for Scotland. Northern Ireland—10.23-10.38 a.m. For Schools. 2.53-3.23 p.m. Northern Ireland News. 5.55-6.25 a.m. News. 6.50-7.10 News and Weather for Northern Ireland. England—5.55-6.20 p.m. Look East. (Norwich). Look North (Leeds, Manchester, Newcastle). Midlands To-day (Birmingham). Points West (Bristol); South To-day (Southampton); Spotlight South West (Plymouth).

Adventures of Rupert Bear. 12.40-1.10 Granpian Today Special. 11.40 Drive-In. 1.10 News plus FT Index. 1.30 To-day's Post. 1.30 Rooms. 2.00 Good Afternoon. 2.25 Whicker's World: Houston. 3.20 Crown Court. 3.50 There Goes That Song Again. 4.15 Get it Together. 4.45 On Your Marks. 5.15 The Flintstones. 5.45 News. 6.00 To-day. 6.30 Crossroads. 7.00 Bless this House. 7.30 Coronation Street. 8.00 Marti. 8.00 Rock Follies. 9.00 Party Political Broadcast on behalf of the Conservative Party. 10.10 News. 10.10 The Wednesday Special. 11.40 Drive-In. 12.10 a.m. Power Without Glory. 1.05 Close: Leonard Pearcey reads "Prayers for the Ark" (Series 2) by Carmen Bernard de Gastrol, translated by Ann Landers. All IBA Regions as London except at the following times:—

F.T. CROSSWORD PUZZLE No. 3371



ACROSS: 1 One in France is late but surviving equally for men and women (6). 4 Wave to what might keep it in place (6). 8 Display gives organisation away (4, 3). 9 Disappointment at finding King George in fotters (7). 11 Stop hiding chance to get insurance (5, 5). 12 Gid to share round (4). 13 Land of the living (5). 14 Check the others take a shower (8). 16 Europeans pitch into guiding tree (4, 4). 18 Tree is a southern writer (5). 20 Girl returns to eat (4). 21 Plan for the future with some assurance (4, 6). 22 Attribute of a writer (7). 23 Shadowtimekeeper (7). 24 Arrows to make up by general method (6). 25 Bird sounding like a seal (6). DOWN: 1 Court official calling for breathless silence (5). 2 A vine we possibly complicate (7). 3 Good at job of building fence if it breaks (9).

Radio 1

6.40-7.55 a.m. Open University (UHF only). 9.30 For Schools. Colleges. 10.45 You and Me. 11.00 For Schools. Colleges. 11.35 Silver Jubilee. The Queen replies to Local Addresses by both Houses of Parliament. 12.45 p.m. News. 1.00 Pebble MILL. 1.45 Heads and Tails. 2.01 For Schools. Colleges. 2.10 Racing from Chester. 2.35 Regional News (except London). 2.55 Play School (as BBC-2 11.00 a.m.). 4.20 Star Trek. 4.40 Star Turn. 5.10 Alarm in the Danube.

Radio 2

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Radio 6

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Radio 10

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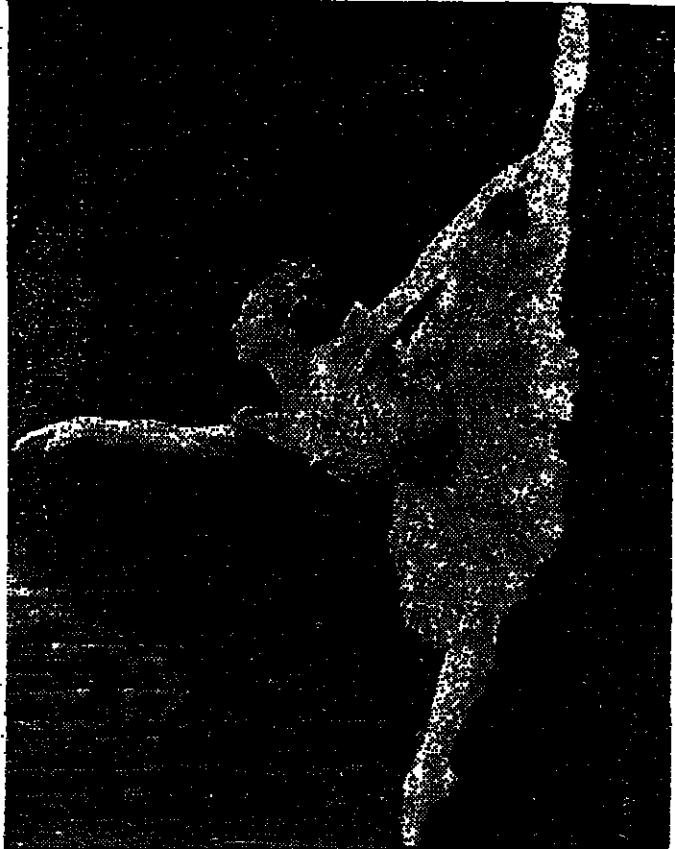
Television

The medium is the message by CHRIS DUNKLEY

To see Network, the caustically satirical film about American network television, after several weeks watching Britain's most consistent TV ratings successes notably Coronation Street, Crossroads and This Is Your Life... is to be forced to ponder whether the apocalyptic vision of the film is really so far-fetched or whether it couldn't all happen much too easily in a world where television now occupies more of people's time than anything else bar work and sleep.

people can take credit for a Nationalistic did incorporate a similarly disturbing series about "give-it-up" spot for a time. Thames, on the other hand, is a commercial television company. A large part of its income is supplied by advertisers of alcohol and tobacco, and its curbing as it does the subjects of racing, politics, evasion of the law, and romance, all at the turn of the century, it makes for a very watchable weekly hour.

British drama series which one of commission by ensuring that Royal Heritage on BBC1 clashes head on with the Ealing Cinema season on BBC2. It is all very well to argue that it is the job of the two channels to offer attractive alternatives, but this is one of those occasions when the people who want to watch one will be precisely the same people who want to watch the other.



Manola Ascensio in London Festival Ballet's 'The Sleeping Beauty', which opened last night at the Coliseum

Lyttelton

The Devil is an Ass by MICHAEL COVENEY

The first British regional company into the new National (it and gulls to his own advantage. we are not to count the Although I find Stuart Burge's Leicester Phoenix's recent children's production a little pedantic and drea's show on this stage) is the short on extravagant relish. Mr. Birmingham Rep, with this excellent adaptation by Peter Barnes of Jonson's sprawling city comedy. Reviewed enthusiastically in these pages when premiered at last year's Edinburgh Festival, the main achievement of Mr. Barnes' cunning dramaturgical treatment is to contain the complexity of the

The Entertainment Guide is on Page 24

London capers within the framework of a vital Satanic plot to demonstrate that Vice on earth puts hellish iniquity in the shade. Satan's emissary, Pug, is presented in Chris Ryan's fall-guy performance as a balded stage clown in the cut-throat, materialistic enterprises of a debauched and decadent society. The plot unravels cleanly on Robin Archer's handsome setting and the adaptation is especially fine in clarifying the progress of Meccraft's (Derek Godfrey) wily attempts

Elizabeth Hall

Samson by ARTHUR JACOBS

Not until such a masterpiece as sung a moving "Total eclipse" Samson fills the larger Festival and sustained Samson's role. Hall shall we be able to declare the fulfilment of the present Handel revival. But Monday's hearing was one of those occasions which hearten Handel's slightly less secure as a Philistine. The famous "Honor" Thomas. The famous "Honor" champions anew. The presentation reflected further credit on the English Bach Festival and only management, save for its lapse in failing to provide a printed libretto—such as was offered, as which his counter-tenor voice audiences of the composer's own time.

The performance was already proceeding pleasantly when it was galvanised by the intervention of Harappas in the splendidly dramatic bass voice of David Thomas. The famous "Honor" and arms" became not a mere vocal display (though it was that as well) with a magnificent cadenza at the end of the central section) but an embodiment of warlike scorn. A Covent Garden audience would have leapt in with applause. In the ensuing duet, Anthony Rolfe Johnson drew back the challenge. Replacing Peter Pears at short notice, Mr. Johnson had already

Gulf Oil extends sponsorship of Scottish National Orchestra

Gulf Oil Corporation is to extend its association with the Scottish National Orchestra by sponsoring the complete cycle of Beethoven piano concertos, and Edinburgh, Gulf Oil will continue as sponsors of the eight-concert season at the Music Hall, Aberdeen — in 1977. The first concert in this season will be a charity concert with proceeds this year going to the SNO Endowment Fund Appeal, currently seeking funds to provide the SNO with a much-needed rehearsal hall.

Millions respond, the hitherto wilting programme shoots up the ratings, and Beale is rapidly turned into "The Mad Professor of the Airways" to become America's biggest television attraction. A new series is built round him and Beale starts each episode with an evangelical tirade against the power of the international conglomerates, the malleability of the admasa and so on.

Given the fame of news readers, and the supposed influence of the BBC, and given the cleverness of the script and the direction (writer and director are both former TV men) and it is very easy to accept the credibility of this story as you watch it. Yet there is one false assumption at its centre: the idea that millions would continue to watch once Beale had taken to inveighing against man's failings and television's inanities, and started moralising generally.

All the evidence of the ratings (in this country, anyway) suggests that if there is one sure way to lose an audience it is to talk about the here and now; to deal with big philosophical matters; to talk seriously about ethics in a way that makes people consider their own moral attitudes; and to urge action. Coronation Street and Crossroads are set in the present, it is true, and moral questions certainly crop up. In Coronation

Festival Hall

Ashkenazy

Skyrabin is evidently a composer very close to Ashkenazy. He has recorded the op. 20 concerto, and four of the sonatas; four years ago, he devoted an entire recital in the Festival Hall to Skyrabin's music; on Monday he divided his all-Russian programme between Skyrabin and the Rakhmaninov. Ashkenazy plays Skyrabin beautifully; and maybe that is half the trouble. His Skyrabin is beautiful: it is also glassy-smooth, all surface without shimmer or depth. It is lovely, but plain: the sounds from the depths do not speak. The touch is powerful, ravishingly delicate; but the pianissimo is a quietness without mystery, without celestic sparkle; the fortissimo reveals little of manic grandeur, or (a favourite Skyrabin conceit) "dark majesty"; between the two extremes the impulse is amiable and gentlemanly—without wildness or yearning. Even early works like more second sonata have more smouldering late-Skyrabin embers in them than Ashkenazy appeared to allow. He worked the second of the two Poems op. 32 to a fine frenzy, without breaking through decisively to Skyrabin's music; on Monday he worked it, indeed, the way he chiefly missed—in the tenth sonata, played last of the sequence, a deep-veiled ardour. Too nicely smoothed over, a messianic radiance too often confused with eager high spirits. In his second half, Ashkenazy warmed to the more straightforward and unencumbered spirit of Rakhmaninov with energy and style. He gave us four of the Etudes-Tableaux—splendidly agile, high-flying; and top Frolov from two op. 22 and 32—the G minor and E flat major exquisitely turned, the E flat major warhorse a triumph of music over matter, and of heart over sense.

DOMINIC GILL

Sadler's Wells Theatre

Helpmann

If I say that Sir Robert Helpmann was up to his old tricks in Coppelia on Monday, ballet-goers who remember his performances in the late 1940s and early '50s will need no further urging to go and see him with the Wells Royal Ballet. A consummate droll, Helpmann has ever had immense fun in showing us Dr. Coppelitus the worst possible light: senile, slightly malicious, and doddering on the point of lunacy. He is riotously and wonderfully in control of the part once again: the tripping walk, the penultimate, the feeling at moments that the role is being taken by a malevolent sheep, are all framed in a joyous comic performance. And there are, too, the passages when Helpmann the actor, who impressed us in The White Devil and as Hamlet, and



Lord Mountbatten's 'Life' with Jackie Coogan and Eamonn Andrews

New York theatre

A little child shall lead them by GEORGE OPPENHEIMER

A thirteen-year-old girl has become the toast of New York. She is Andrea McArdle, the bright star of Annie, the new musical that has taken the town by storm. Based on the popular comic strip, Orphan Annie, this is a smash hit and deservedly so. Thomas Meehan has written a book that has more laughs in it than the proverbial barrel of monkeys; Charles Strouse has written some tuneful tunes; Martin Charnin has done the lyrics and also directed the book with style and pace. And Mike Nichols, that excellent director, has turned producer and has produced as well as he directs. Annie has so many virtues that it is tough to know where to start and where to stop. Miss McArdle is an extolling them, a child actress whom you do not in stantly wish to do away with. She has charm, talent and is utterly devoid of mannerisms and cuteness. She is appealing without being caught at it. Then there is Dorothy Loudon as the head of an orphanage. She is mean, disorderly, villainous, dislikable and drunken lady and eyes, the costumes by Theoni V. Aldredge are lovely to look at. Beatrice Lillie has a comedienne and Peter Genarro has come up with some graceful happy dances. All in all, Annie is a treat, a joy for little Miss McArdle, the delight of a thing of beauty (which is Sandy, a dog, and he is somebody once said about a loveable murt as I have seen) and a joy forever which is how long it may run. Side by Side by Southem has come over with its English east intact and that too has been greeted with huzzas, except by one critic who shall be nameless and should be. There has also been a first-rate revival of The Basic Training of Musical, is aided by Franklin Papp, first play which took place in 1971. Now Al Pacino is playing in the Pavo and doing it superbly. If you recall, Pavo was and still is really fonder of Daddy than anyone even if he is a billionaire, who goes to the Vietnam War and is killed right at the start. Then the play reverts to his basic training which consists mainly of teaching him how to

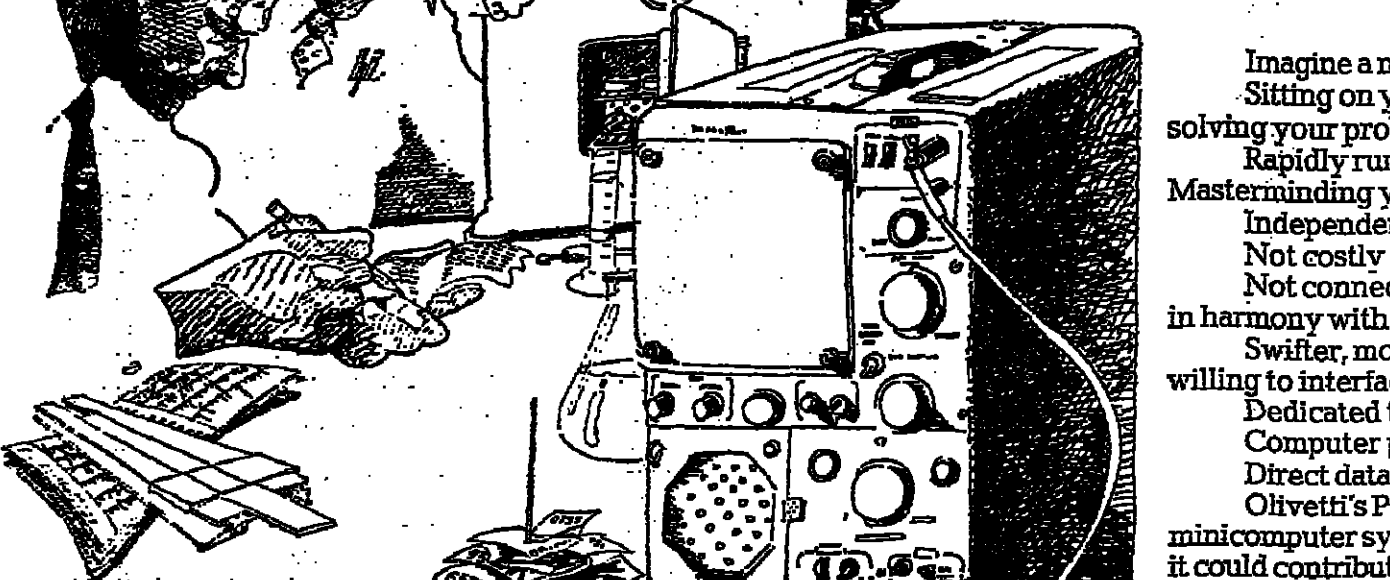
Rainbow

Elton John by ANTONY THORNCROFT

Elton John's charity concert in aid of the Silver Jubilee appeal was a slightly tense occasion. It was tense arriving at the Rainbow in the rain through sobering Finbury Park and a group of hecklers incensed by the black ties and the £25 tickets, and it was tense inside where Elton John's habitual bravura was tamed by the presence of Princess Alexandra and a demanding audience. Few artists could have survived, and it sums up Elton John that he and everyone was clapping along contentedly. It was hardly Elton John's appearance that saved the day—he tends to disguise what is really rather a pudgy body in outlandish clothes, in this case track suit trousers and a discarded clown's jacket: nor was it his playing skill—he was hitting the piano and then crusing through lesser keys with all the subtlety of known material before driving towards a finale, after two non-stop hours, with Benny and the driving desire to entertain and jets. He was helped in the an endless repertoire of contemporary standards. Few Elton percussionists who have staged Elton in bizarre appearance and antics. As he marched around the stage banging his tambourine and acting as a cheer leader the whole concert took on a surreal effect, assisted by a very good light show which made the most of the up-tempo numbers for a Queen, and a reputed 250,000 was painlessly raised for charity.

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# EUROPEAN NEWS

## Russian anger over Japan fish dispute

By David Satter

MOSCOW, May 3. THE SOVIET Government newspaper *Izvestia* reacted angrily to the growing wave of anti-Soviet sentiments in Japan over the issue of Japanese fishing rights in the newly declared Soviet 200-mile fishing zone.

*Izvestia* said that an anti-Soviet campaign based on Japanese claims to four Soviet-held islands off Japan's northern coast could create a danger to peace in the Far East.

The newspaper warned that the instigators of the campaign would be responsible for all the consequences of their "near-sighted policies." It said that those who help rally the nation on the basis of hostility to the Soviet Union "objectively put themselves in the service of reaction."

The *Izvestia* article was the strongest response yet to mounting antagonism towards the Soviet Union in Japan over the fishing issue which has turned into a confrontation over Soviet occupation of four formerly Japanese islands in the Kurile Island chain at the end of the Second World War. Japan's political parties, including Communists and Socialists, have united behind a policy of refusing to recognise Soviet sovereignty over the islands in any fishing agreement.

The appearance of the *Izvestia* article coincided with the arrival to-day in Moscow of Japanese Agriculture and Fisheries Minister Zenko Suzuki, who has returned to Moscow for a new attempt to reach an interim agreement on Japanese fishing in the 200-mile Soviet zone. Mr. Suzuki is scheduled to meet Soviet Fisheries Minister Alexander Ishkov on Thursday.

The negotiations for an interim agreement foundered last month on the territorial issue. As a result of the present deadlock Japanese fishing in Soviet waters has been suspended indefinitely and 7,000 Japanese fishing boats have been withdrawn from the traditional fishing grounds.

Separate negotiations for a new long-term fishing agreement to replace the 1956 Soviet Japanese convention on fishing in the North-West Pacific are also deadlocked over the territorial issue. The Soviets announced on April 29 that they were scrapping the existing agreement.

## BONN'S STRAINED ALLIANCE

# Coalition at risk

BY JONATHAN CARR IN BONN

CAN THE West German coalition government survive? Its senior partner, the Social Democratic Party (SPD), seems bent on tearing itself apart. Its liberal Free Democrat (FDP) ally fears that if things go on as they are, its partnership with the SPD will be a severe liability. In its seven and a half years of rule in Bonn, first under Chancellor Willy Brandt and, since 1974, under Chancellor Helmut Schmidt, the SPD-FDP alliance has never looked so sick.

It would be too charitable to say that the SPD has been having a run of bad luck. The run has become an avalanche. The party is showing all the signs of having been in power too long, with one half gradually losing the will to rule while the other remains strongly attached to the benefits which office brings. Reports multiply of misuse of power by party officials, of disloyalty of "jobs for the boys." And it is just those party members for whom social democracy has been a moral crusade as well as a political movement who wonder whether, after all, the SPD should not go into opposition to renew itself.

## Erosion

West Berlin provides the latest example of the erosion of the SPD's power and reputation at provincial level. The SPD ruled there alone for years but since 1975 has needed a coalition with the FDP to stay in office. Last week the senator responsible for interior affairs was forced to step down after alleged financial misdemeanours. This other members of the provincial government. But it is the latest in a series of such debacles and this time the SPD governing mayor, of nearly two years standing, Herr Klaus Schütz, had to accept responsibility and resign. The opposition Christian Democrats (CDU), the largest single party group in the city Government, demanded new elections. The SPD-FDP refused and on Monday elected a new governing mayor, Herr Dietrich Stöbbe, a tough, pragmatic leader who has the ear of the Chancellor in Bonn.

He will need all his toughness and a lot of luck to stop the rot which he is said to be personally in good shape—perhaps flattered (though not deluded) by some party colleagues who think he should be coming Chancellor again. Herr Herbert Wehner, the SPD's par-

liamentary floor leader and "king-maker," constantly stresses that his role is to help Herr Brandt and Herr Schmidt, but gives few practical demonstrations of this. His cross-questioning of the Government in the Bundestag has sometimes appeared more hostile than that of the opposition—admittedly no difficult feat at present.

Almost nothing has gone right for Herr Schmidt. He has always been rather out on a limb on the right wing of the SPD, the party divisions have weakened his position further. On the central issue of energy policy, his insistence that more nuclear power stations must be built if economic growth and jobs are to be secured is running into increasing party opposition.

## Weakened

Old enemies of Herr Schmidt's brand of social democracy, like the former Development Aid Minister Herr Eberhard Eppler, are re-emerging strongly to challenge the assumptions of the Government's nuclear programme. If they win the day, Herr Schmidt's position may be untenable. Add to this differences with the FDP-run Foreign Ministry on Ostpolitik, problems with the new U.S. administration and the serious internal difficulties of his allies in France and Britain—and it is no surprise that the Chancellor has recently given the impression he has had enough.

The FDP now faces a big dilemma. Its leader, Herr Hans Dietrich Genscher, the Foreign Minister, recently made the typically delicate remark that the coalition would not fail because of the FDP. Some commentators took this to be a pledge of continuing support. It could just as easily mean that if the SPD is unwilling or unable to mend its ways then the FDP cannot be held responsible for the consequences.

But where would the Liberals go? The CDU would be an acceptable partner. But partnership with them would also mean taking for the present at least, the right-wing Bavarian CSU, under its leader Herr Franz Josef Strauss. The FDP fears this would lose it more left-wing voters, and perhaps mean it would fall at another election to gain the 5 per cent support needed for parliamentary representation.

Herr Willy Brandt, the party chairman, seems unable to stop the rot, though he is said to be personally in good shape—perhaps flattered (though not deluded) by some party colleagues who think he should be coming Chancellor again. Herr Herbert Wehner, the SPD's par-



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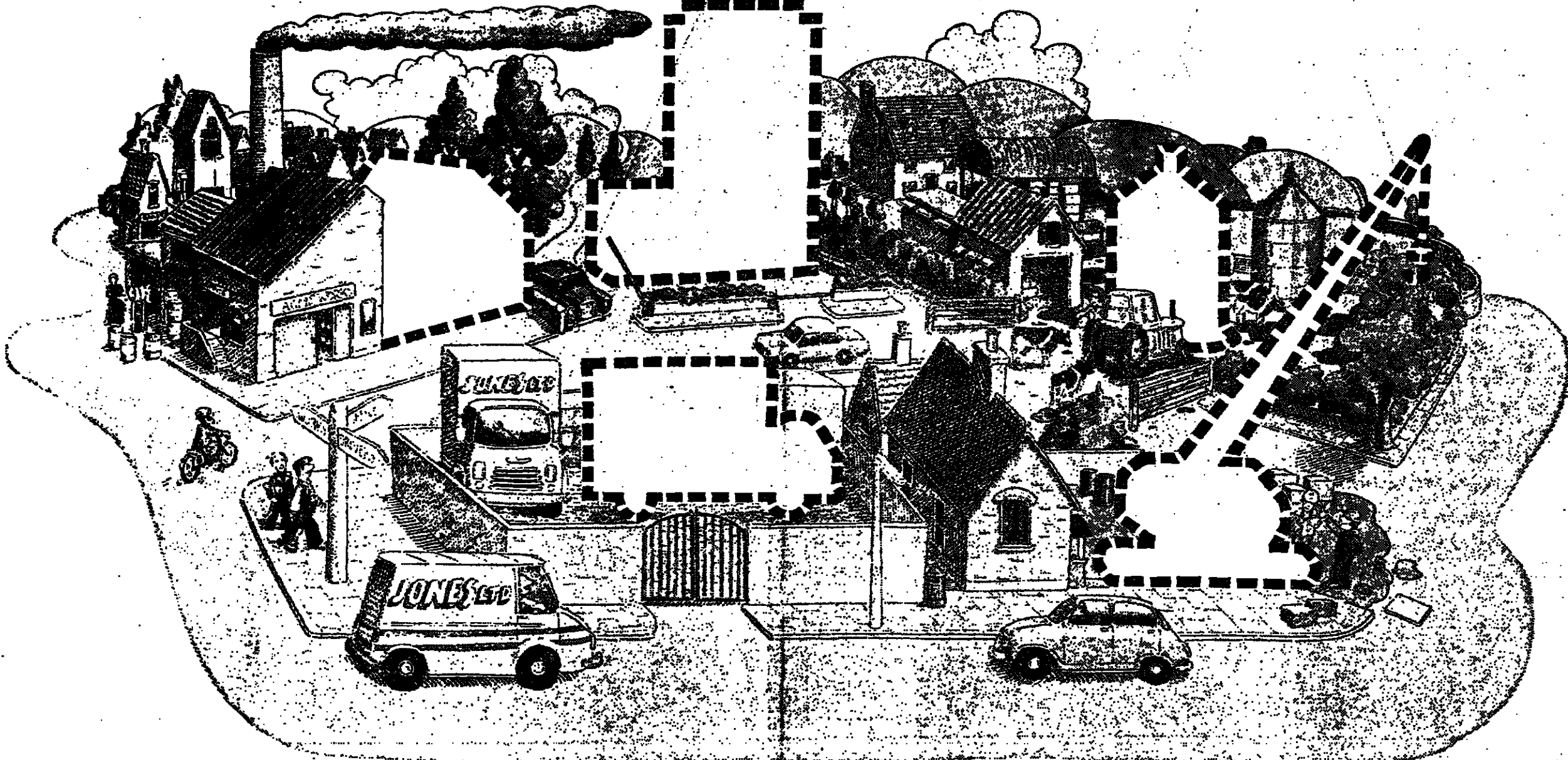
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EUROPEAN NEWS

Spanish centre alliance emerges

By Roger Matthews

MADRID, May 3. THE POLITICAL alliance that carries the majority support of the Spanish Cabinet and the passive backing of King Juan Carlos this afternoon announced its final composition to fight the June 15 general elections. All that remains to be known is the number of "independents" who will join the ranks, the most important of whom is Prime Minister Adolfo Suarez.

To be called the Union of the Democratic Centre (UDC), the alliance brings together 15 national and regional parties whose political philosophies range from social democracy through Christian democracy to liberals, conservatives, and so-called independents. It effectively replaces and amplifies the former eight-party coalition the Democratic Centre.

The announcement was made by Sr. Leopoldo Calvo Sotelo, who 10 days ago resigned as Minister of Public Works to act as political agent for the Premier within the alliance. He said the alliance intended to offer moderate policies which represented the lines followed by the main non-Marxist parties in Western Europe.

Man arrested in Buback killing

By Jonathan Carr

BONN, May 3. WEST GERMAN police today announced their first success in the hunt for the killers of the Federal Attorney-General, Herr Siegfried Buback, shot in a Karlsruhe street almost a month ago.

Terrorist trial postponed

By Paul Betts

AS THE Italian Prime Minister, Sig. Giulio Andreotti, called an emergency Cabinet meeting to-night to discuss the dramatic upsurge of violence in the country, the minister underlined to-day by the failure to constitute a jury for the controversial trial of 63 members of a Left-wing extremist group, the so-called Red Brigades.

Turkey urged to respect democracy

By Metin Munir

PRESIDENT Fahri Koruturk of Turkey today urged his countrymen to respect the principles and rules of democracy. The President, who occupies a non-partisan position, has little authority but his word carries weight. He was making his first public statement following the death of 34 people and wounding of scores of others at the Istanbul May Day rally organised by the left-wing Confederation of Revolutionary Workers Unions (DISK).

New row over Jenkins' summit role

BY OUR OWN CORRESPONDENT

A FRESH dispute broke out today over the sensitive question of the exact role which Mr. Roy Jenkins will play, as president of the European Commission, at the forthcoming Western economic summit in London.

FINANCIAL AID FOR POOREST COUNTRIES

EEC plans \$1bn. special relief fund

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

EEC FOREIGN Ministers agreed today on the broad outlines of a plan to set up a \$1bn. "special action" programme intended to provide short-term financial relief for the poorest developing countries.

The Nine aim to present the plan formally at the concluding Ministerial session of the North-South dialogue in Paris at the end of this month, where it is expected to form one of the principal elements of the industrialised countries' response to demands by the developing world for a new international economic order.

Statford A tow begins

BY WILLIAM DULLFORCE

A SQUADRON of nine powerful tugs today began towing the world's largest offshore production platform from a fixed south-east to the Statford field 25 miles out in the North Sea.

Difficult choice for Communists

BY DOMINICK J. COYLE

AFTER 30 years of hardline anti-Communism, Italy's long-ruling Christian Democrats this week trying to put together a deal with the country's powerful Communist Party. The deal is being attempted in the name of "programmatic Government," a somewhat unique Italian political formula which, for the first time, would bring the Communists directly into the governing process but not into the Cabinet.

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several of his colleagues about the arrangement when he told reporters: "It's a damned silly way to run a summit. It will just cause irritation among the participants."

The strong suspicion here is that the Prime Minister, Mr. James Callaghan, bowed to French wishes in an effort to avert any further strain on relations between London and Paris, which have already been soured by the affair.

President Giscard d'Estaing's pointed refusal of an invitation to attend an official dinner on the eve of the summit has been ascribed largely to his irritation that Mr. Jenkins had been invited

too, as well as to his dissatisfaction with current U.K. policies towards the EEC.

Under the arrangements now envisaged, Mr. Jenkins will be admitted only to the final day of talks on Sunday and will be permitted to take part in talks where the Commission has competence. These were defined by a British Government spokesman as trade negotiations, North-South relations, energy and specific areas such as unemployment, which the Commission has been given a mandate to study.

But it remains to be seen whether the developing countries will consider that the plan, at currently conceived, goes far enough. It is intended only as a one-time operation and its impact is likely to be diluted if, as expected, disbursements are spread over several years.

American support for the programme will clearly be crucial. According to officials here, the \$1bn. figure is roughly equivalent to the estimated debt servicing costs to be borne this year by the poorest developing countries which it is designed to benefit.

The indications are that the programme will be offered to the so-called Group of 19 Third World countries in Paris in an effort to remove some of the steam from their demands for a global debt relief operation. These are being resisted by most members of the so-called Group of Eight, comprising the EEC, the U.S. and other industrialised countries.

UPI adds: The slick from last week's oil-blow-out has shrunk to 145 square miles, an eighth its area at the height of the eight-day crisis, a Norwegian official said to-day. Tall waves and evaporation are breaking up the slick much more rapidly than expected.

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officials were suggesting that it was little more than a pretext to exclude Mr. Jenkins from more substantive discussions on Saturday, when the seven heads of Government attending the summit are due to hold more general and wide-ranging exchanges on the world economic situation and other major questions.

Mr. Jenkins, the first Commission president invited to attend any of the recent Western economic summits, said that the arrangements governing his role seemed "confusing." He hoped that the matter could be discussed further at Friday evening's dinner.

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cent, and other countries 4 per cent, or less.

At present, the Nine appear disinclined to do much more than they have already done to improve the offers which they are prepared to make to the remaining 26 per cent, being shared between other members of the Group of Eight.

The Nine have agreed in principle that the programme should be administered on a multilateral basis, being channelled through an international agency, perhaps the International Development Agency, the soft loan arm of the World Bank. But some resistance is anticipated from the U.S., which is thought to prefer a bilateral disbursement mechanism.

The EEC Commission has proposed that the EEC share be divided among the Nine according to a "key" based on their contributions to the fifth IDA replenishment exercise. This would mean that the bulk of the cost would be borne by Britain

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The Nine aim to present the plan formally at the concluding Ministerial session of the North-South dialogue in Paris at the end of this month, where it is expected to form one of the principal elements of the industrialised countries' response to demands by the developing world for a new international economic order.

Statford A tow begins

BY WILLIAM DULLFORCE

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Difficult choice for Communists

BY DOMINICK J. COYLE

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Terrorist trial postponed

By Paul Betts

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Banks swap details for E. Europe lending

By Hilary Barnes

COPENHAGEN, May 3. WESTERN BANKS are setting up an information exchange system under the auspices of the Bank of International Settlements in Basle on the state of the economies of the East European countries, according to Mr. Bendt Hansen, chief general manager of Copenhagen Handelsbank.

The purpose of the exercise is to assist Western banks in their lending operations to East European states.

So far they have been prepared to lend to the extremely secretive East European governments without receiving detailed information on the state of the economies and economic policy.

Mr. Hansen compared the situation with the procedure which Western governments must go through when raising loans in the international market. They are expected to provide comprehensive information on the economy and policy.

EEC plans \$1bn. special relief fund

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No devaluation in plan to revive Portuguese economy

BY DIANE SMITH

LISBON, May 3. FIRMLY squashing rumours that the escudo, already devalued by 15 per cent in February, would be devalued again this year, Sr. Jose Silva Lopes, Governor of the Bank of Portugal, gave a preview yesterday to members and guests of the Portuguese Chamber of Commerce of the Government's plans to revive Portugal's ailing economy.

Public spending, he said, will be cut further this year and private consumption will be reduced to a greater extent (not, however, it is believed, by further import controls).

Priority will be given to investment in Portugal's ailing agriculture, which has been crippled by years of backwardness, political trial and error through a radical land reform in the grain belt of the south (now under rigorous review) and the reluctance of ultra-conservative smallholders in the north to link up their holdings to those of relatives or neighbours and thereby create larger spreads on which corn, badly needed for animal feeds, can be grown more efficiently.

Private investment will be encouraged, said Sr. Silva Lopes, and greater guarantees will soon be available for foreign investors, through a revised foreign investment code.

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AMERICAN NEWS

'Friendly' opening to Vietnam negotiations

By Robert Mautner
PARIS, May 3. THE U.S. and Vietnam today began their first official negotiations since the end of the Vietnam conflict...

Mondale to see Tito on Europe tour

BY JUREK MARTIN, U.S. EDITOR

U.S. VICE-PRESIDENT Walter Mondale (pictured right) will pay a ten-day visit to Europe later this month, which will include sessions with President Tito of Yugoslavia in Belgrade...



The Vice-President will begin his tour, starting on May 14, with talks in Lisbon and Madrid. The

WASHINGTON, May 3.

Portuguese and Spanish prime ministers have both been to Washington within the past few weeks and it is intended that Mr. Mondale should take up issues raised here.

Vorster meeting poses delicate dilemma

BY BRIDGET BLOOM

MR. WALTER MONDALE, the U.S. Vice-President, whom President Jimmy Carter last month nominated as overall co-ordinator of U.S. policy towards Africa, is expected to meet Mr. Vorster, the South African Prime Minister, in Vienna on May 19-20.

and delegations of five Western nations, when the five rejected South African prescriptions for Namibia's future, were held on the initiative of the U.S. Later this month, Ambassador Young will attend a UN-sponsored meeting in Maputo which seems bound to endorse the armed struggle in southern Africa.

Puerto Rico banks may get \$60m. aid

SAN JUAN, PUERTO RICO, May 3.

SR. CARLOS Romero Barcelo, the Governor of Puerto Rico, has proposed aid totalling \$60m. to two Puerto Rican commercial banks in financial difficulties.

Argentina considers islands decision

By Robert Lindley

BUENOS AIRES, May 2. THE MILITARY Junta met again here today to consider the adjudication awarding three tiny islands at the southern tip of South America, in dispute between Chile and Argentina, to Chile.

Kennedy committee emphasises energy in anti-trust inquiry

WASHINGTON, May 3.

A U.S. Senate subcommittee yesterday began the first broad Congressional examination of the Government's anti-trust operations in more than a quarter of a century, with the energy field due for special scrutiny.

Pentagon discounts claim of Soviet beam weapon

WASHINGTON, May 3.

THE PENTAGON has discounted a "remote possibility" a detailed report in an aviation and space magazine that the Soviet Union is developing an energy beam that could neutralise all U.S. missiles and "checkmate" this country's strategic doctrine.

Car production increase in April

DETROIT, May 3.

U.S. car manufacturers built 814,029 cars last month, 3 per cent more than in April, 1976, when they produced 783,469 units.

Arctic gas pipeline plan challenged

OTTAWA, May 3.

THE CANADIAN Government may be forced to delay a decision on proposed northern pipelines because of a legal initiative by the Canadian Wildlife Federation.

Canada likely to delay revision of Bank Act

BY VICTOR MACKIE OTTAWA, May 3.

THE CANADIAN House of Commons has approved legislation that extends the Bank Act until next March 31, thus giving the Government more time to draft proposed revisions.

NEW YORK. SIX FLIGHTS A WEEK. IRAN AIR. The world's fastest growing airline.

Now Iran Air have flights to New York every day except Sunday. All by Jumbo, leaving Heathrow at 14.15. And arriving at 16.45 at JFK's speedy 'Worldport' terminal.



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OVERSEAS NEWS

Zaire losses in Shaba ambush

WESTERN military sources said today that an unknown number of Zairean and Moroccan troops were killed and up to 30 wounded in a week-end ambush by rebels in southern Shaba province.

Arafat urges PLO case in talks with Saudis

PALESTINE Liberation Organisation chairman Yasser Arafat arrived in Riyadh, the Saudi Arabian capital last night for what are described as intensive talks with King Khalid and Crown Prince Fahd.

Indonesian poll retains status quo

PRELIMINARY results from the Indonesian general election indicate that the military-backed Golkar movement, which has strong unofficial links with the Suharto regime, has retained its majority.

INDO-SOVIET RELATIONS The bartered bride

NOTHING seemed more enduring to the Russians in Asia than their alliance with India. Fostered assiduously by the Nehru family from the 1950s, it was cemented in 1971 when, just before the war with Pakistan over Bangladesh, Mrs. Indira Gandhi and the Soviet Foreign Minister signed a 15-year treaty of peace, friendship and co-operation.

Khedaffi expels Egyptians

THE COMPLETE Egyptian work force in Libya, numbering about 220,000, is to be expelled on the order of Colonel Muammar Khedaffi, the Libyan head of state, by July 1, the Egyptian Middle East News Agency (MENA) reported.

Australian spy treaty with U.S.

VICTOR Marchetti, the former American CIA officer, has claimed that he was co-author of a secret Australian-American treaty on the sharing of intelligence information derived by satellite surveillance of China and the Soviet Union, writes Ken Randall in Canberra.

Obvious

The Russians need not have worried. By the time Mr. Gromyko had held two hours of talks with the Prime Minister and another two hours with Mr. Vajpayee (with two working lunches thrown in), it became obvious to him that whatever Mr. Desai had said when he became Prime Minister, the Russian connection is to vital for any Indian Government to break.

Alliances

The Janata Party plans to seek electoral alliances for the coming state elections on the same pattern as the March Parliamentary poll, effectively leaving seats for the Marxists in West Bengal, Bihar and Uttar Pradesh, to the Sikh Akali Party in Punjab and to the Drivada roubles, the first Soviet general-purpose soft loan since 1966, which the Indians do not really state where elections will be held.

Mengistu's crucial Moscow visit

ETHIOPIAN military leader Lt-Col Mengistu Haile-Mariam arrives in Moscow tomorrow for a three-day visit as the Soviet bid for influence in the turbulent horn of Africa enters a possibly decisive phase.

Arab oil meeting

THE ORGANISATION of Arab Petroleum Exporting Countries opened a two-day meeting in Cairo yesterday to coordinate its future oil policy.

NZ-Australia pact

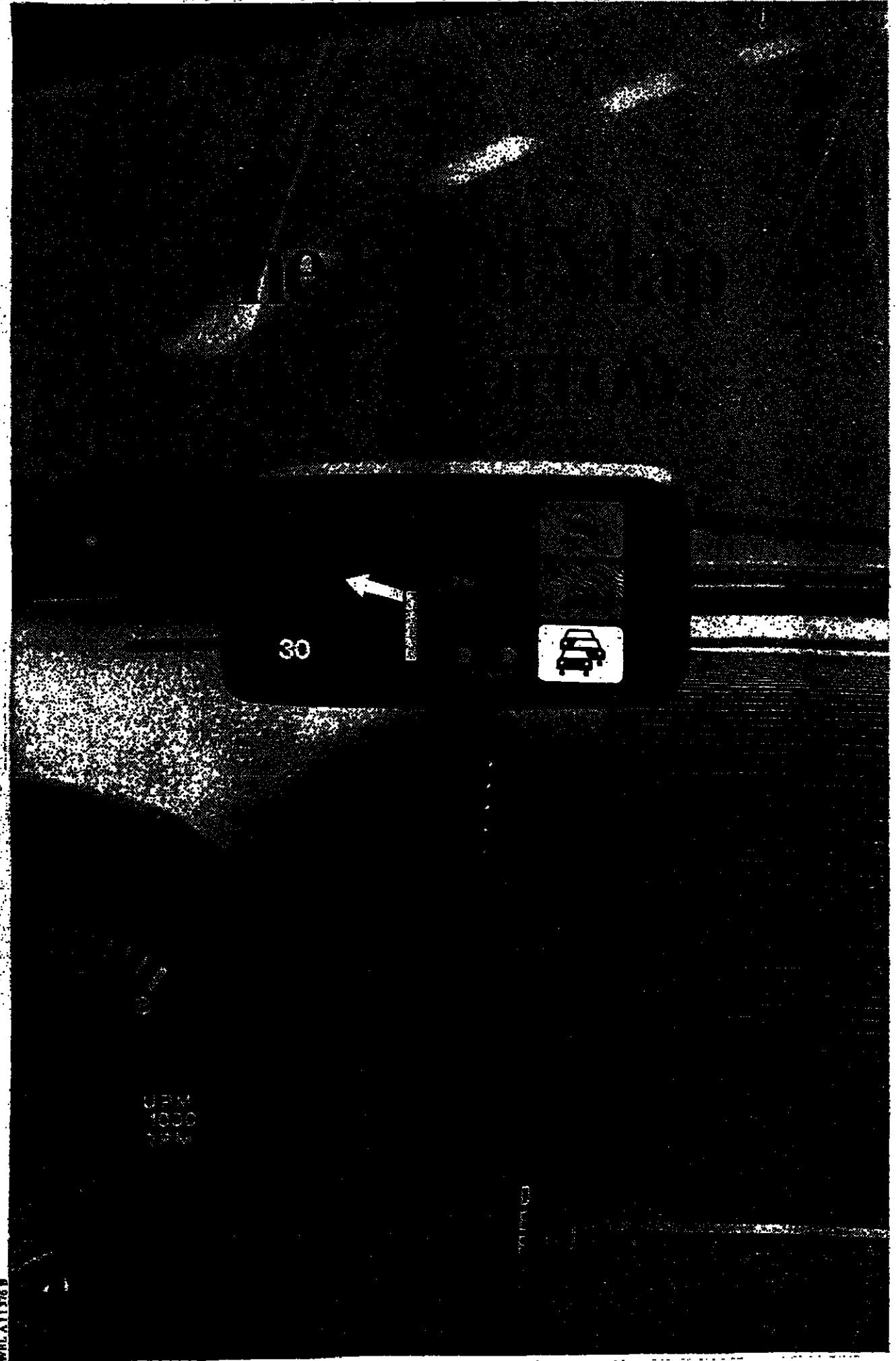
New Zealand and Australia have drawn up a basic defence agreement to join their military forces if either are threatened, writes Dal Bayward from Wellington.

Mozambique oil

The Frelimo government in Mozambique has announced the oil industry, according to the Portuguese news agency ANOP. The report said the takeover included the national wholesale petroleum company, SONAREP, and the retailing company, SONAP.

Shake-up

The post-mortem that must have taken place in Moscow led to a shake-up in the Russian Embassy in New Delhi (from which all analysts were withdrawn obviously for misreading the Indian political situation).



Are there icy roads, fog or traffic jams ahead? Precisely when should you turn off? At what speed should you drive when approaching congestion points? - 30 mph ... 40 ... 50 ... 60 ... ?

new system, which was developed between the Aachen Technical College and Blaupunkt, a member of the Bosch Group is a real-life fact. How much would ALI cost? Probably no more than you would pay for a car radio.

There's more to Bosch than you think: Your car engine almost certainly has some Bosch parts; and it may well be tested by Bosch equipment at its next service. Many of the goods people buy in their supermarkets have been packed with machines produced by Bosch.

Television viewers will have seen the Olympic Games through Bosch eyes, as many of the sporting events were televised by Bosch Fernseh cameras. News and entertainment in cars can be received with Blaupunkt auto sound systems.

How ALI works for you An induction loop is set in the road surface before each road junction. This loop both receives and transmits information to and from an electronic station mounted at the side of the road. Each of these electronic stations is linked to a central computer. As a vehicle passes over the induction loop, it transmits to the nearest electronic station its speed, its destination and whether it is a passenger car or a goods vehicle.

Bosch electric power tools are at work on construction sites world-wide. Bathrooms and kitchens are equipped with Bosch fittings and built-in units. Deep-cooled blood stored in many European hospital blood-banks is restored to body temperature with Bosch medical equipment.





WORLD TRADE NEWS

U.S. may review steel quotas

BY STEWART FLEMING

THE U.S. Government has indicated that it is considering a review of speciality steel import quotas imposed in June last year to protect the U.S. speciality steel industry from Japanese and West European competition.

The indications came from Administration sources in Washington soon after Allegheny Ludlum Industries, a leading speciality steel maker, announced price increases of around 8 per cent.

Government sources suggested that any easing of the quotas would be in response to anti-inflationary policy. It is argued that the speciality steel industry is not working near to capacity and that in these circumstances, large price increases are not justified.

In the background however is the pressure on the U.S. Government, particularly from Western Europe, to ease the quotas. When they were imposed last year, West European governments affected argued that the quotas were too small.

U.S. Steel pulls out of Brazil project

BY DAVID WHITE

RIO DE JANEIRO, May 3.

U.S. STEEL has decided to pull out entirely from a \$30m-plus iron ore project in the Amazonian Serra dos Carajas mountains, a spokesman of the Brazilian State-controlled mining company CVRD confirmed today.

But U.S. Steel's interest in the venture declined with the depression in the steel market, which took the pressure of its diminishing sources of ore in Venezuela. The company reduced its requirements from the mine to 9m. tonnes a year from 25m.

EEC adopts easier attitude to mergers

A NEW tolerance of restrictive trade arrangements and mergers among the EEC member countries, and a greater concern for the needs of the smaller companies, are the main features of the EEC Commission's 196-page sixth annual report on competition policy.

In addition to recording the enforcement activities of the Commission during 1976, the report outlines its plans on patent licensing agreements, subcontracting, and exclusive distributorships and the work done towards applying the rules of competition to air transport.

ICI may withdraw from venture with Montedison

BY PAUL BETTS

ROME, May 3.

ICI IS said to be proposing to pull out of its 50/50 joint venture with the Milan-based chemicals conglomerate, Montedison, involving the construction of an aniline plant in Priolo, in Sicily, Italian chemical industry sources claimed here today.

The Italian company, however, declined to comment on reports of a possible ICI withdrawal from the Priolo project, whose estimated cost was L400m (about £77m).

The agreement between ICI and Montedison dates back to 1975. Construction of the plant with a projected capacity of 100,000 tonnes of aniline a year was scheduled to have begun last summer. But it has so far been held up as a result of the refusal up to now of the local Sicilian authorities to grant the necessary licences.

ICI which according to the agreement with Montedison was to have provided the technology for the plant, is understood to have lately expressed growing concern over the prolonged deadlock over the project.

Smurfit negotiating big Swedish packaging deal

BY ANDREW TAYLOR

A MULTI MILLION pound trade deal for the supply of kraft liner—the raw material used in the manufacture of corrugated card—has been negotiated between Smurfit and Svenska Cellulosa of Sweden.

Under the terms of the deal SCA will supply kraft liner to Smurfit subsidiaries in the U.K., the Republic of Ireland and Nigeria and will take a 49 per cent. equity stake in the Dublin based group's U.K. and Irish corrugated packaging interests.

In return Smurfit will get an immediate cash payment of £16.5m. with the prospect of a further £2.5m. if profits meet an agreed level over the next four years.

Mr. Howard Kilroy, Smurfit finance director, said that the £16.5m. would be used initially to wipe out the group's total borrowings which stood at £12m. at the beginning of this year.

U.S. Steel pulls out of Brazil project

BY DAVID WHITE

RIO DE JANEIRO, May 3.

BY A. H. HERMANN, LEGAL CORRESPONDENT

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The Commission, which has recently endeavoured to help the steel companies to overcome the difficult situation they have faced since 1975, warns that its recent actions must not be taken as a commitment to protect the industry, either within the Common Market or against the outside world.

The Commission explains its policy of promoting groupings of firms and the approval of a series of mergers by the need for structural change to keep the Community steel industry competitive. It does not mention in this context the steel industry's quota cartel and minimum prices for certain steel products.

Spain enjoys motoring honeymoon

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

TO TALK to motor companies in Spain today is like being transported 15 years back to the beginning of the great European sales boom of the 1960s. Everyone is confident of growth, everywhere companies are pushing ahead with new capacity, and at times one can almost forget that there was ever an energy crisis.

Yet Spain suffered as much as anyone from the sudden leap in petrol prices three years ago. After a peak year in 1973, its industry took a drubbing in 1974 and 1975 and, while sales began to move up again last year, company profits were kept under severe strain by the imposition of strict price controls as the post-Franco Government sought to establish a grip on a 20 per cent rate of inflation.

Propelled forward by this undercurrent of rising demand, production is now expanding swiftly again. Given a reasonable amount of luck, more than 1m. cars will roll off the Spanish assembly lines this year—a rise of more than 20 per cent.—and some analysts believe that the magic figure of 1.5m. will be reached within five years.

It is largely because of Ford that total production could break through the 1m. barrier this year, and much of the expansion in exports will also be due to Ford: the U.S.-owned company could well be sending 200,000 units a year overseas within two years time, against a total of 184,500 exports last year.

The new switch back in confidence has occurred despite raging inflation—anything from 20 to 30 per cent., depending on whose estimate you care to accept—and uncertainty about Spain's political future. At the Barcelona Motor Show last week, 800,000 visitors flooded in to see everything that Europe has to offer—right up to supercars like the Porsche 958 which scarcely anyone can hope to buy because of Spain's 54 per cent. import tariff.

SPANISH CAR OUTPUT (1976)

	Production	Sales	Exports
SEAT	342,886	228,678	75,748
FASA/RENAULT	201,557	154,998	42,245
CITROEN	108,721	62,289	47,842
CHRYSLER	82,453	69,078	14,789
FORD	17,908	11,376	3,854
Total units	753,125	586,419	184,478

First, it has a large motorised population at the moment. With vehicle ownership levels only about half what they are in the EEC, there is a big pool of untapped sales—the same sort of pool that existed in most European countries 15 years ago—waiting for someone to pick-up. This is why every European car company of any standing, as well as a number of Japanese manufacturers, was mounting an elaborate display at Barcelona last week.

Second, the big international car companies—Fiat, Renault, Citroen, Chrysler and Ford—are investing in Spain both as a means of establishing a claim to this burgeoning new market, and as a source for sales outlets all over the Continent. Whatever the fears of overcapacity during the next few years, over a period of a decade all the forecasts point to Europeans buying substantially more cars; and Spain is probably a cheaper area in which to produce, and certainly has a larger pool of suitable labour and land than most other available sites.

Rolls-Royce plans talks on Airbus engines

By Ian Hargreaves

ROLLS-ROYCE is hoping for a meeting soon with the European Airbus consortium to finalise arrangements for the development of an Airbus powered by the state-owned U.K. company's RB211 engine.

Last week Rolls-Royce executives were astonished to read reports of remarks by M. Bernard Lathiere, managing director of the consortium, accusing Rolls of falling to submit proposals for an RB211 powered version of the aircraft.

**RMP**

**Rand Mines Properties Limited**

(Incorporated in the Republic of South Africa)

INTERIM REPORT TO SHAREHOLDERS FOR THE SIX MONTHS ENDED 31 MARCH 1977

Consolidated Profit

The unaudited consolidated results of Rand Mines Properties Limited and its subsidiaries for the six months ended 31 March 1977, together with the results for the same period last year and the audited results for the year ended 30 September 1976, are:

	Six months ended 31 March 1977	Six months ended 31 March 1976	Year ended 30 September 1976
Turnover*	R1 629 000	R15 422 000	R27 744 000
Profit before taxation	2 221 000	3 646 000	5 091 000
Taxation	327 000	514 000	968 000
Profit after taxation	1 894 000	3 132 000	4 123 000
Profit attributable to outside shareholders in subsidiaries	(6 000)	168 000	102 000
Consolidated profit after taxation	R1 900 000	R2 964 000	R4 021 000
Dividends declared and paid	Nil	Nil	R1 613 000
Number of shares upon which earnings per share are based	12 403 000	11 522 000	11 522 000
Earnings per share based on consolidated profit after taxation	15.3 cents	25.7 cents	34.9 cents
Dividends per share	Nil	Nil	14 cents

\*Turnover includes property sales, limited where applicable to the proportion of sales received in cash from which profits have been taken, rentals, sales of gold, farm crops, timber and other trading operations.

Profit before taxation includes:

	Six months ended 31 March 1977	Six months ended 31 March 1976	Year ended 30 September 1976
(a) Profit from the sale of property (Note 1)	R1 825 000	R1 945 000	R3 211 000
(b) Profit from timber and other Thesens' operations	R150 000	R427 000	R1 035 000
(c) Profit from mining operations comprising: (Note 2)			
Working profit (loss) from mining operations	29 000	24 000	(1 290 000)
Taxation and lease	—	(5 000)	(810 000)
Provision for mine closure costs	—	—	(544 000)
Provision for dump vegetation	—	—	(1 000)
State assistance receivable	(7 000)	478 000	2 315 000
Provision for repayment of state loans	—	(58 000)	—
Net realisations/expenditure on mining assets and stores	14 000	280 000	381 000
Sundry revenue/expenditure (net)	12 000	(38 000)	8 000
	R128 000	R781 000	R60 000

The situation took another twist this week when it was learned that Eastern Airlines of the U.S. had agreed to lease four A-300 Airbus. If Eastern decided to buy the Airbus at the end of this year it will take it in preference to the Lockheed Tri-star, for which the RB211 is an established and successful engine.

So new of the Eastern leasing contract, which will give the Airbus its first entry into the U.S. market, sharpens the need for Rolls to come to an accommodation with the Airbus consortium which the British Government backed out of in 1968.

Rolls-Royce would be unlikely to supply engines for any Airbus sold to the U.S. in view of the American airlines' "buy American" preference for home-built technology, but if sales of the Airbus do begin to take off, Rolls could not afford to be left out of such an important part of the civil aviation business.

The four A-300s to be tested by Eastern are powered by General Electric CF34 engines. It is possible that Pratt and Whitney, in addition to Rolls, could supply engines for the A300 and for the intended long-distance and shorter-bodied, medium-distance versions of the aircraft.

Third, Spain has potential as a convenient jumping off point for an assault on the Arab car market. This may be one of the reasons why rumours of renewed talks between General Motors and the U.S. are being spread in Spain. SEAT has introduced the three-door 128, and is building up production in the Spanish market, where the former Fiat factory, which Chrysler is to launch the new head, a big success. But equally Alpine, and both Renault and Peugeot are going ahead with new plants in the north, which could put the R14 and the Peugeot 504 (through Citroen's link with Peugeot) on the Spanish roads.

There is even talk once more that Fiat may be preparing to take a larger stake in SEAT. That may be just wishful thinking or it may be that Fiat, now part-financed by Libya, is preparing to play the Arab card.

NOTES:

1. (a) Profit from the sale of property does not occur in a regular pattern. The profits earned during the six months ended 31 March 1977 includes a major land sale.

(b) During April 1977 a further major land sale yielding a gross revenue of R830 000 was concluded.

2. City Deep Limited suspended underground mining operations during November 1976 and it is anticipated that Crown Mines Limited will suspend underground operations before the end of the 1977 financial year.

Acquisitions

Thesens and Co. (Proprietary) Limited (Thesens) became a wholly owned subsidiary of your company during December 1976 when the outstanding 14.72 per cent in the ordinary share capital of Thesens was acquired from Barlow Rand Limited (Barlows).

Thesens also acquired 65 per cent of the ordinary share capital of Thesemply (Proprietary) Limited (Thesemply) from United Plywood and Timber Industries (Proprietary) Limited, a wholly owned subsidiary of Barlows, thereby making Thesemply a wholly owned subsidiary of Thesens.

The consideration of R1 933 650 for the above transactions was satisfied by the allotment and issue of 881 622 ordinary shares of R1 each in your company.

The transaction will have no material effect on the consolidated net tangible assets and earnings per share of your company. The additional 881 622 ordinary shares were listed on the Johannesburg Stock Exchange and on The Stock Exchange, London, during January 1977.

Share Capital

Following the additional issue of 881 622 ordinary shares of R1 each, the issued ordinary share capital of your company increased from 11 521 715 to 12 403 337 shares of R1 each.

Capital Commitments

The commitments for capital expenditure at 31 March 1977 amount to R730 000 (1976: R861 000).

Dividend

It is the policy of the company to declare one dividend in November each year.

For and on behalf of the Board

G. H. Bulterman | Directors  
J. B. Marais

Registered Office:  
Off Main Reef Road, Crown Mines, Johannesburg 2093, South Africa. 4 May 1977

Venezuelan order for GKN

GUEST Keen and Nettlefolds said it had won a 60,000 tonne rod steel order from Semilla Helicero of Venezuela. Delivery will be made this autumn from GKN's Cardiff rod mill and steelworks which opened in February.

Hong Kong's deficit widens

HONG KONG'S trade deficit widened to \$HK\$43m. (about \$168.5m.) in March, from \$HK\$240m. (about \$48m.) a year earlier. Domestic exports (fob) totalled \$HK\$232m. (about \$465.5m.), down 7.4 per cent from a year earlier and re-exports were \$HK\$68m. (about \$152.6m.), up 2.3 per cent. AP-DJ

Italians win power contract in Algeria

GENOVA, May 3. AMIN (Implanti Termici e Nucleari) announced today it had won a contract to build a gas-fired electricity plant in Algeria. It said the value of the contract was L150m. The fuel is to be locally produced methane. Two other Italian concerns, Ansaldo and Breda Termomeccanica, will supply parts for the plants. The three Italian companies are all members of the state-owned Flaminca group. AP-DJ

The international bank with special expertise in Saudi Arabia

البنك السعودي العالمي المحدود

Saudi International Bank  
AL-BANK AL-SAUDI AL-ALAMI LIMITED

99 Bishopsgate, London EC2M 3TB.  
Telephone: London (01) 638 2323. Telex: 8812261/2.

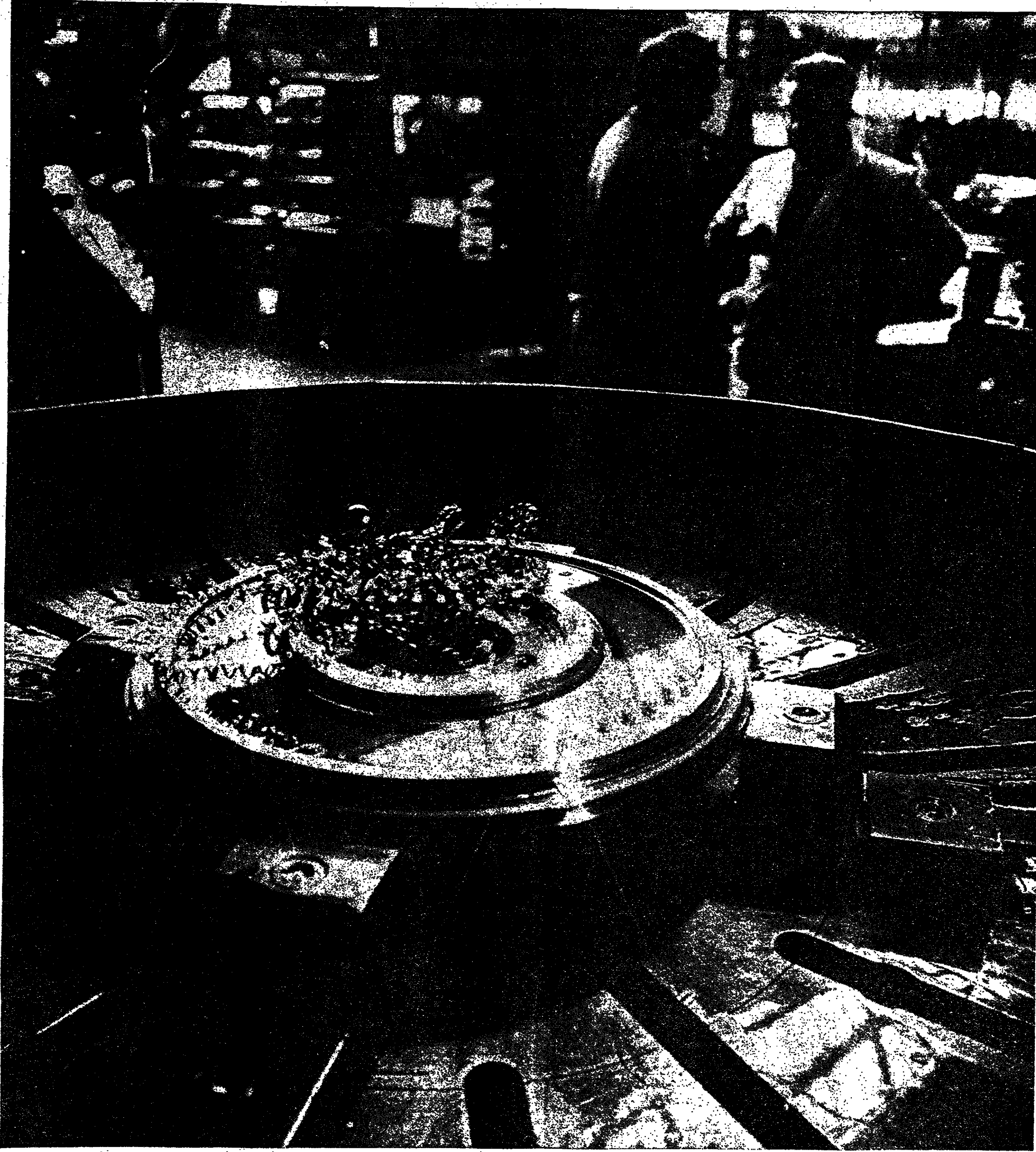
Shareholders: Saudi Arabian Monetary Agency, National Commercial Bank (Saudi Arabia), Riyad Bank, Morgan Guaranty Trust Company of New York, The Bank of Tokyo, Banque Nationale de Paris, Deutsche Bank, National Westminster Bank and Union Bank of Switzerland.

Handwritten note: 12500



July 1975

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ymoo



Photograph: Gus Wylie

## We're helping them shave costs, too.

Henry Wiggin & Co. Ltd. is a well run Hereford company that makes nickel alloys for several key industries. Here, a gas turbine disc is being machined—shaved down to the exquisite tolerances demanded by aviation.

That's just part of the paring going on at Wiggin. We're also helping them trim their lubrication costs through our planned engineering service. Last year we were able to show Wiggin how to save more than £16,000 in the ways they bought, used and stored lubricating oils. Not a bad piece of work.

Nothing is more basic to industry than lubrication because nothing moves for very long without it. So when we show how lube costs can be reduced, we show a business the way to vital economies.

We provide planned engineering services to our major customers and we have recorded savings of vast sums of money for them over the years—cost reductions *acknowledged* by our customers.

No wonder we're able to be helpful about lubricants. We first started in business here in 1886, selling

Pennsylvania motor oils for steam engines. We published one of the first treatises on lubrication in 1899. It was called "Reducing Friction".

We've been giving advice and developing new lubricants ever since; and today we're one of Britain's most important lube oil suppliers. Also, we are a leading petrol marketer and an important participant in the search for North Sea oil.

With all that, we still get real pleasure from sharing our expertise in lubricants with British industry, helping shave costs wherever we can.

**Mobil**<sup>®</sup>



HOME NEWS

Co-op's new bank accounts are up 20%

BY MICHAEL BLANDEN

THE CO-OPERATIVE Bank's policy of offering free banking to personal customers who keep in credit has brought a substantial inflow of new accounts in the last year...

Inflation

The bank's deposit base has expanded by 14 per cent to £307m, while advances rose in line with the general increase of operation achieved higher profits...

Profits

Overall, the Co-op Bank group reported operating profits down from £3.7m to £3.02m, but the decline was accounted for by the setback in the FC Finance subsidiary...

British Steel losses 'not worst in world'

BY IAN HARGREAVES

IF THE British Steel Corporation had done as badly as some of its European competitors last year, its losses would have been at least double the £100m actually recorded...

He told the Institute of Fuel in London that all the world's steelmakers had been caught in a long and savage depression...

Steel deliveries had fallen heavily throughout the world between 1974 and 1976. The U.K.'s drop of 14 per cent had to be compared with the 19 per cent of Germany...

Anti-vandal patrols pledged by Tories

BY STUART ALEXANDER

SECURITY PATROLS formed by the special constabulary of Greater London Council officers and local residents were promised yesterday for some of the blocks of flats in Tower Hamlets...

The first anti-vandal and anti-mugger patrol would be set up on the 1,000-home Ocean Estate in Stepney...

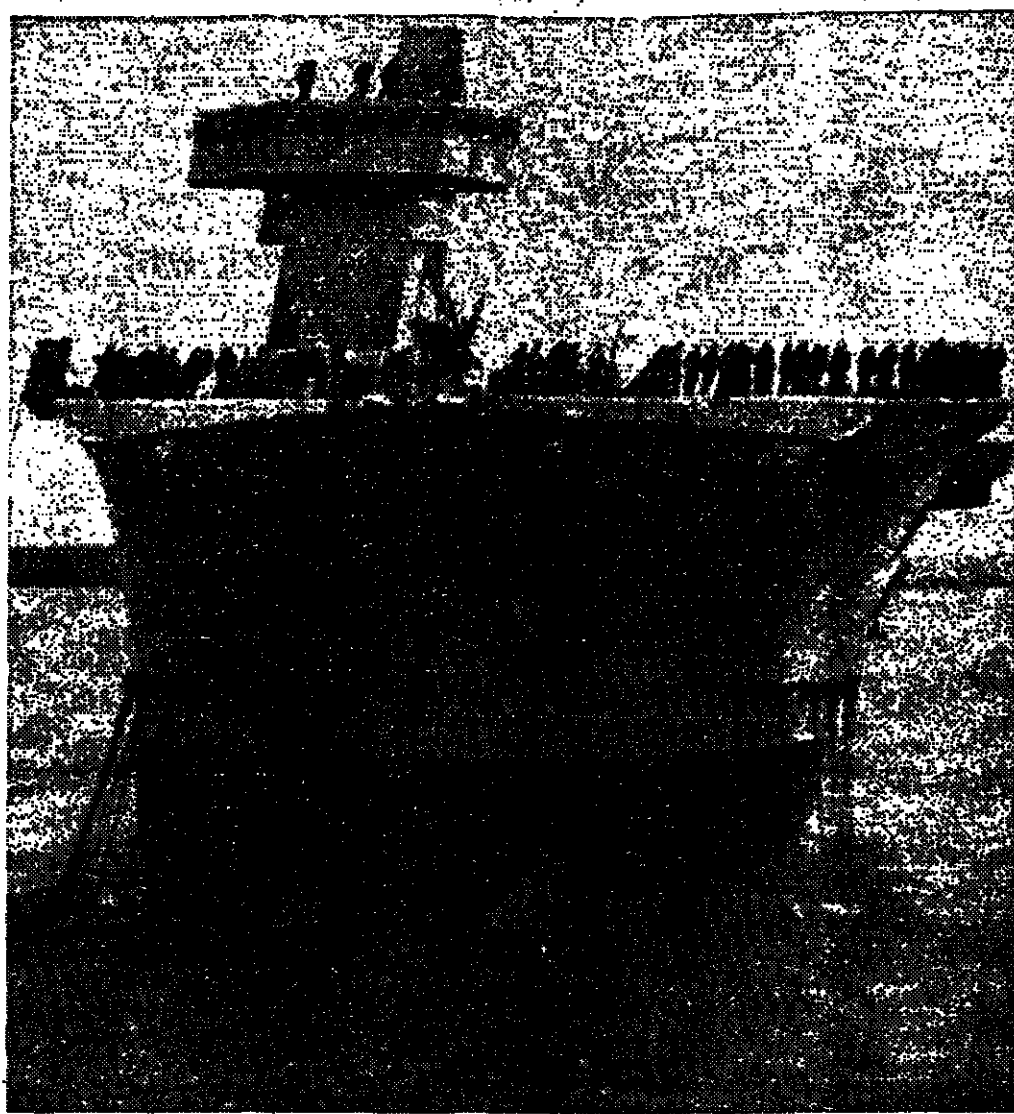
Earlier, Mr. Geoffrey Finberg, Tory MP for Hampstead, said: "This is the dirtiest campaign ever fought by the Labour Party..."

MPs find little comfort in Varley over Hitachi

BY RICHARD EVANS, LOBBY EDITOR

A DEPUTATION of MPs left a meeting with Mr. Eric Varley, Secretary for Industry, last night convinced that he was sympathetic to the plans of Hitachi...

The Minister said he would guarantee from Hitachi that they would use British-made components...



Away goes invincible the sixth

INVINCIBLE, the sixth Royal Navy ship to bear the name, was launched yesterday at Vickers' Barrow-in-Furness yard...

helicopters and a Harrier jump jet. Invincible is the Navy's first anti-submarine warfare cruiser and the biggest ship it has built since the 'fifties'...

Government urged to support petrochemical development

BY RAY DAFTER, ENERGY CORRESPONDENT

A CALL for a clear Government policy on the development of the petrochemical industry has come from the Scottish Council (Development and Industry)...

Given the availability of offshore oil and gas, basic feedstocks for petrochemicals — and the lack of suitable development sites in West Germany, it is envisaged that the important German chemical industry could seek new investment in Britain...

The report emphasises the importance of upgrading hydrocarbons to basic chemicals. Total West European gross added value arising from chemical production this year should be about £460m...

By the early 1980s, the European added value should be nearer £4.5bn, a year, ignoring inflation, of which the U.K. contribution might be £800m...

The Scottish Council takes an optimistic view of North Sea oil and gas production levels in the 1980s. By the middle of that decade, U.K. crude oil production should be about 1.65m tons a year...

The council is optimistic that such a gathering system will be proved viable, although it believes that a joint scheme involving the U.K. and Norway would make most sense...

Dr. Dickson Mabon, Minister of State for Energy, said in Texas that American proposals for further insulation of buildings and the co-generation of heat and power were of particular interest to Britain...

Dr. Mabon, speaking at the Houston technology conference in Houston, said that Britain's economy and energy industries were being transformed by the development of North Sea oil and gas...

By the end of this year, Britain's trade balance should break even. Next year it should be well into the black. For a country which last year had over £4bn for imported oil, this means a remarkable economic transformation...

World investment in North Sea oil worth about \$14 a barrel, was rising between \$3 and \$9 a barrel to produce. Even with a Government tax take of about 70 per cent of gross profits, companies were receiving an acceptable rate of return...

The report makes a bleak prediction about oil prices. By the mid-1980s all consuming nations are expected to have to face annual price increases of at least 10 per cent...

The figures, produced by Economic Models of London, take into account the new sources of natural gas which will be available shortly to the British Gas Corporation...

The report says that after a small decrease this year, total demand for energy is expected to pick up, increasing by 2.7 per cent next year and 3.5 per cent in 1979...

Oil consumption is expected to rise by 6 per cent during the next five years and remain fairly static between 1981 and 1986. Economic Models believe that nuclear energy could account for 5.6 per cent of total energy requirements in 1981 and 7 per cent in 1986...

Mr. Peter Chadwick, works director of the company, said that after the Lord Chamberlain's rejection of the idea of single-handed pots the volume of customers' demand had led them to ask if a double-handled version would be acceptable...

Ulster Loyalists strike call [shuts Larne port

BY KEVIN DONE, IN NORTHERN IRELAND

THE LEADERS of the extreme Loyalist strike in Ulster scored one of their early successes here yesterday when by late morning they had closed the port of Larne...

Only two sailings, both British Rail ferries to Stranraer, managed to leave the port in the early morning and one Townsend-Thoresen ferry, the Doric, succeeded in docking from Cairnryan...

During the morning only occasional pickets appeared but by lunchtime the port's 120 dockers had stopped, apparently stranding the Doric in port for the duration of the strike...

Normally Larne receives up to 15 ships a day and is the province's main focus for roll-on, roll-off traffic from the British mainland...

It is one of Ulster's major lifelines bringing in thousands of tonnes of raw materials for industry and taking away the finished products, as well as handling a large part of Northern Ireland's imports of food and consumer goods...

Apparently fearing the worst, many shippers took steps last week to clear all cargoes of perishable foodstuff from the port...

Power plant. If the strike gathers momentum dockers at Ulster's other main ports, Belfast and Warrington, will come under increasing pressure to follow the example of dockers here...

But Larne, one of the main towns in the Rev. Ian Paisley's constituency of North Antrim, is important for more than just its port...

Facing the town only a few hundred yards away across the mouth of Lough Larne, is the 800 megawatt Ballylumford power station, which generates more than two-thirds of Ulster's electricity...

Without Ballylumford, a minimum service can hardly be kept going, and much of the success of the 1974 Ulster Workers' Council strike was owed to its

manipulation of power supplies. Yesterday the power station was working normally, but it remains peculiarly vulnerable...

There are only two ways of reaching Ballylumford, which is perched at the end of a long peninsula, Islandmagee—either by a road or a journey of more than ten miles from Larne, or by boat...

The two open boats which transport many of the 400 workmen across the lough, were operating normally in drenching rain, but they clearly work in tandem with the paramilitary Ulster Defence Association...

Painted across the quayside wall beneath the power station are the stark words "UDA Rules—Rebels Beware"...

The hut on top of the harbour wall has one side covered by the red and white St. George's Cross dominating the scene with the Protestant symbols of crown and the Red Hand of Ulster...

Threats. The workers leaving quietly and apprehensively at the end of the day shift are clearly aware of the threats they may face...

One said: "You go with the crowd. When they start putting 3.5m tonnes of cargo on the wharf, it is also you stand out as a culprit."

Most appear to want to carry on working, but fear the snowballing effects of shutdowns in other major industrial plants in the province...

If they start to shut down you could see this one go by next Monday or Tuesday," a strier said...

As pressure is applied, the vital ferry boat service is sure to stop too. In the last strike, one of the plant's engineers who had worked to keep the station open found that his boat moored at Ballylumford had been smashed in with a hatchet...

The fear is evident. "You could come down one morning and find your boat gone or on the bottom," said a ferryman...

The threat of physical violence and intimidation could well force the closure of this sensitive link to Ulster's major power plant in an area regarded as UDA stronghold...

The cranes and derricks lying idle at the silent container terminal across the water serve as a threatening reminder of what has already been achieved in the first 24 hours of the strike...

GKN chief attacks Japan parts policy

BY MARGARET REID

THE CHAIRMAN of Britain's largest engineering group hit out yesterday at Japanese motor companies for refusing to buy British components...

He argued that if the Japanese continued to be reluctant to buy British supplies, they should be urged to set up car manufacture in Britain...

Mr. Barry Heath, chairman of Guest Keen and Nettlefolds, said: "I think it is deplorable that the Japanese should send cars into this country—and put every British component in them..."

At present, GKN has a surplus of some £450,000 on its own West balance of payments with Japan, because it receives royalty income...

He said that the Japanese also spoke out on the subject of British components, while selling large numbers of cars in the U.K. market...

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Speaking of his group's plan to add a further 50.1 per cent to its near-23 per cent stake in the large West German component cars in Britain and Europe, with British supplies and labour, paid British rates and taxes...

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It also showed that the average rise in fees had been well below the rate of inflation. The average fee for a major boarding school was just over £1,750 for a major London day school about £878 for a girls' boarding school just under £1,500...

THE PRICE of agricultural land with vacant possession reached £300 an acre in the first three months of this year, which puts it back at the levels of 1973...

A survey by the Agricultural Development and Advisory Service jointly with the Agricultural Mortgage Corporation showed that the price was very much in line with a recent independent survey carried out by the Estates Gazette and the Farmers Weekly Association...

Although the price in cash terms is now back to the values of 1973, when inflation is taken into account prices are probably lower in real terms...

After climbing quite sharply during the first of last year and steadying in the second half, land prices are now continuing a small, but steady, climb...

Private day school attendances rise

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

A SHIFT of pupils from boarding to day schools in the independent sector of education has been reported in 1975 and 1976...

The Independent Schools Information Service reported that 1,038 private schools which are members of the service showed the boarding schools' rolls fell by 560 to 107,669...

It also showed that the average rise in fees had been well below the rate of inflation. The average fee for a major boarding school was just over £1,750 for a major London day school about £878 for a girls' boarding school just under £1,500...

Among the extra pupils were 1,703 foreigners, and the average earnings by way of fees rose from £13.2m to about £17.5m. The service also claimed that 23.8 per cent of the leavers from boys' public schools belonging to the Head Masters' Conference were going on to higher education in engineering or applied science...

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Thatcher 'one of the great Education Ministers'

By Michael Dixon, Education Correspondent

MRS. MARGARET THATCHER was one of the four best Ministers of Education since the war, said Lord Vaisey, Professor of Economics at Brunel University, in a Conservative Party lecture at the Commons last night...

The other three were the Conservatives Lord Eechon and Lord Boyle, and the Labour Minister Mr. Anthony Crosland, added Lord Vaisey, a former executive member of the Fabian Society...

All had played major parts in the history of the United Kingdom in the highest level of commitment to education that any government has ever given...

Among measures suggested by Lord Vaisey were the introduction of Government-backed student loans through the commercial banks, and closer control of higher education including the universities...

There was "a most extraordinary duplication of provision in the universities and the non-university sector, and I am not at all sure this is either economic or healthy," he said...

The present method of financing universities through the "buffer" of the University Grants Committee sometimes achieved "the worst of all results" since the institutions were left unclear as to what the Government wanted...

Lord Vaisey declared, "to imagine a different system of finance of higher education and research which might lead to a more satisfactory solution than the present confused and unhappy one."

NEW CAR sales in Britain may reach 2m a year by 1985, according to forecasts by the Society of Motor Manufacturers and Traders...

The figure compares with predictions for sales this year of about 1.3m, and means there will be almost one car for every three people...

Mr. Cowell said the main indication for the future health of the motor industry was the growth in demand...

He could not predict the U.K. manufacturers' share of the market almost ten years ahead, but the growth in the total number of cars in use in Western Europe...

He also forecast that there would be one car for every 21 people by the end of the century, compared with one for every four in 1975...

Mr. Cowell described the outlook for the car industry as "promising." There would also be considerable growth in the components industry...

He referred particularly to the opportunities offered British manufacturers in EEC countries outside the U.K. for which the forecast demand by 1985 would be 7.5m a year...

In Western Europe the demand is expected to reach 12m by 1985. Estimates by the society show that by 1985, British penetration of the remaining EEC car markets could total 7 per cent or about 525,000 cars, compared with less than 3 per cent last year, he said...

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Rockwell calculators. AN ARTICLE in the Financial Times on April 29 referred to the recent announcement by Rockwell in the U.S. that its calculator operation in future would be confined to the manufacture and sale of larger desk-top calculators...

The company has asked us to state that this applies only to the Rockwell calculator business in America...

Thus, while stocks of hand-held machines in the U.S. will be gradually sold off, the European operation of Rockwell will continue to handle all types of calculators, including portable/pocket machines...

Several new models are being introduced and have been shown at the Hatter Fair, including one which provides a glare-proof display visible in the most intense lighting...

Copy 10/15/76





### To appreciate why Bruce Pearce owns a Fiat 132, it is necessary to know Bruce Pearce.

As Financial Controller of a firm of international shipping agents in Bristol, Bruce Pearce travels 2,000 miles a month visiting ports from Aberdeen to Southampton. Although he could have chosen any one of several great European cars, he plumped for a Fiat 132 ES.

"In my job it's essential my car is enjoyable to drive and handles well. In my 132 I can travel

200 miles very quickly and climb out at the other end as relaxed as when I got in. That's what I call driveability."

Until August 31st, the Fiat 132 is particularly attractive. You can personalise the car to suit your own requirements by choosing £150 of free accessories and also take advantage of the special low interest personal loan scheme. Full details on the Fiat 132 and these offers are

available in this booklet by writing to: Fiat Finance Services, (Dept. FF1), P.O. Box 20, 100 Brooklands Drive, Slough, Berkshire SL4 5SP. Or arrange for a 132 to be brought to your office or home for a test drive. Please contact your local Fiat agent.



The 1600GLS starts at £3998. The 1800ES from £5575, shown above, is available with manual or automatic transmission. (Car tax, inertial-rev limiter, etc. extra.) (Loans are subject to applicant's credit-worthiness.) Offer closes August 31st 1977 and is subject to availability. Price and specification subject to change without notice.

JPK 101 550



# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## ● NORTH SEA OIL

### Helps platforms to keep their sea legs

AS SOON as a steel structure, form of the Ninian Field, operated as a platform, is towed out to sea, it becomes affected by attack from the chemicals in the seawater and a great deal of research and ingenuity has gone into methods of preventing or greatly slowing down such attack over the past several decades.

The corrosion of bare metals results from the electrochemical reaction of the metal with electrolytes in the water, such as the various chlorides in solution. Cathodic protection is one way of preventing corrosion by halting or reversing the natural corrosion currents which cause electrolytic action. Anodes, which can be sacrificial or use an external power source, are used to produce the current reversal and stop the corrosive action on parts under water.

Now, a British design of anti-corrosion equipment for the cathodic protection of the underwater sections of an oil production platform will be the first of its type to be applied in the North Sea. With a design life expectancy of 30 years, it will be placed around the southern platform.

With these remote anodes goes a system of corrosion-resistant claddings and of sacrificial aluminium alloy anodes placed on the rig structure itself. The Niobond anodes will be sited on the seabed several hundred feet from the platform.

This concept of employing high-current anodes placed remotely, with sacrificial anodes installed locally will safeguard the platform and hazards to divers working within the structure will be removed. The remote anodes will carry the full system of 7200 amp at a system voltage of up to 35 volts, with a high margin of safety.

More from ICI Offshore, Thames House North, Millbank, London SW1P 4QG (01-834 4444).

## ● SAFETY

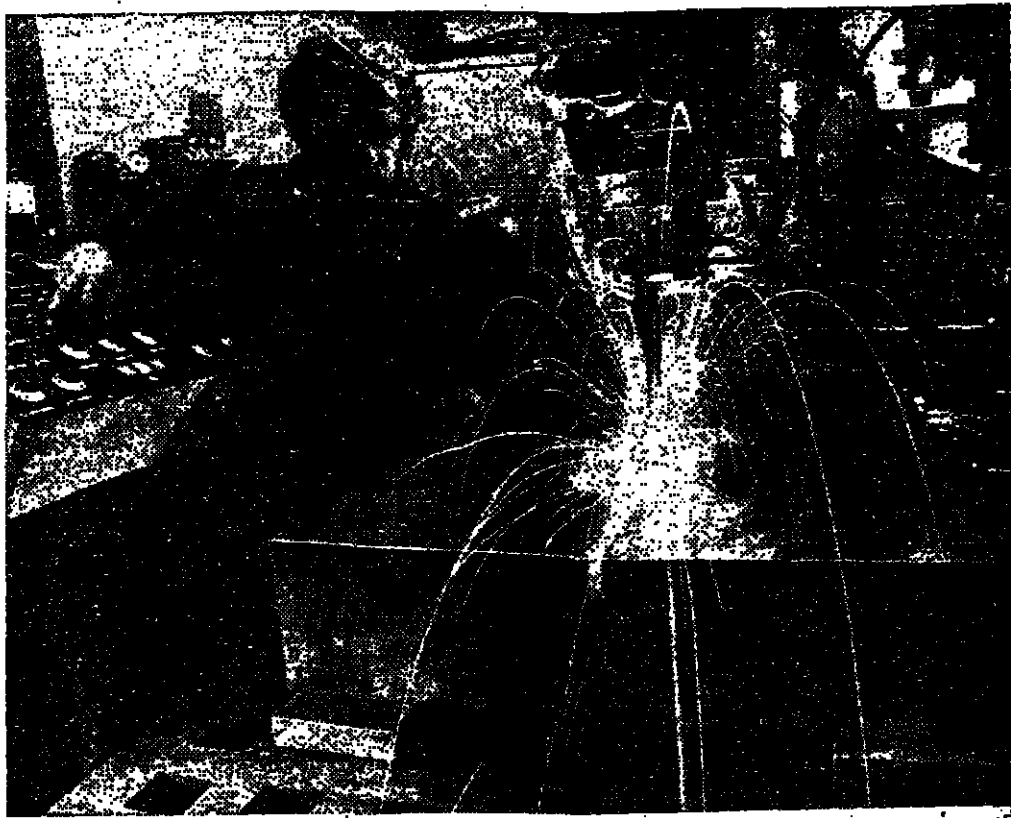
### Kills fierce fires

CALLED FLUOROFILM, a fire fighting foam concentrate with a speed of flame knock-down normally associated with dry chemical attack, has been developed by Chubb Fire Engineering. It is an aqueous film forming foam (AFFF), the most rapid fire fighting medium for situations involving hydrocarbons.

It has the ability to secure the surface area which has been extinguished by applying a chemical film which spreads rapidly ahead of the foam blanket and prevents further vaporisation from the inflammable liquid. The concentrate is the result of research into the combination of perfluoro and hydrocarbon surfactants. The maker says the composition is balanced to give an optimum combination of rapid knock-down and good burn-back resistance.

It has a good storage life and can withstand a wide temperature range from freezing to 60deg.C without deterioration. It is used in 6 or 3 per cent concentrations in fresh or sea water. Details from Chubb Fire Security, Pyrene House, Sunbury-on-Thames, Middlesex (Sunbury 55588).

## ● WELDING



Laboratory tests on welding thick plate, with a narrow weld gap, shown above, promises worthwhile savings, according to Westinghouse.

### Saves time and metal

PRODUCTION of high quality welds in very thick plate is a problem which makers of steam equipment and more recently of process vessels and nuclear power station components have had to tackle for some years.

Now, Westinghouse Laboratories in Pittsburgh, Penn., has announced that it is pursuing a development which could make thick plate welding a much faster and less costly operation by reducing the weld gap between the plates to be joined to a fraction of what now constitutes normal practice. A statement from the leader of the development team at Westinghouse indicates that "substantial progress" has been made with the laying down of a continuous puddle of molten metal in a weld gap only 1/4 inch wide in heavy plate.

used in various industries and the demands placed on the performance of band-saws and hand-knives are growing. Because of this makers are moving to higher alloy content blades. In turn, this is imposing greater demands on the welding techniques used.

To meet this situation Ideal, of West Germany, has redesigned a welding unit to provide high welding current and an increased specific upsetting pressure when the blades are being butt joined.

The flash butt welder, BAS 45, is robust enough for production line operation and runs off a 10 kVA infinitely variable regulating welding transformer.

Pneumatic-hydraulic clamping cylinders provide a clamping pressure of 4,000 kp to meet the need for 1,000 kp upsetting force when welding HSS bandsaws.

More from Interwood, Stafford Avenue, Hornchurch, Essex. Increasing hardness are being RM11 2ER, Hornchurch 52591.

### Joins tough saw blades

MANUFACTURING materials of

## ● COMPONENTS

### Gives step control

STEP proportional controllers from Appliance Components, Cordwaine Street, Maidenhead, Berks, SL6 7BQ (Maidenhead 32323), need only the addition of a thermostat temperature sensor to provide a complete control system for heating, air conditioning or refrigeration plant.

Equipped with an integral electronic controller, the units have adjustable cam-operated switches driven in sequence by a modulating motor to give a progressive heating or cooling supply variation.

When the control temperature measured value is at the set point the actuator is in mid-position, and is moved by an amount proportional to the difference between the measured value and the set point. When the temperature changes through the full value of the proportional band setting, the actuator moves from fully open to fully closed.

Set point adjustment is available in 0 to 40 deg. C and proportional band from 0 to 10 deg. C. Two versions of the unit can be supplied, for light or heavy duty; the former can have from two to 24 switches and the latter up to 16.

main voltage is applied and while the rotor is still stationary. But as the rotor speeds up the iron losses decrease (they are a function of rotor current frequency) and so there is a smooth, stepless reduction in the starter impedance. When about 85 per cent of synchronous speed is reached the impedance is shorted out automatically.

Called Citostart, the device is particularly useful in long run-up applications where any starter is required to absorb a good deal of energy—the Citostart winding temperature remains low because all the heat is generated in the massive metal core.

### Aids speed control

MADE IN Milan by Compagnia Generale di Eletticit , an electro-hydraulic thruster is now available in the U.K. It exerts a smooth straight line thrust at constant pressure. When stopped mechanically in any part of its stroke the thrust is maintained while the impeller spins freely, causing no overload on the motor.

The unit is supplied in a range of sizes with forces from 30 to 150 kg. at working pressures from 150 to 2900 kg/cm. Power is supplied by an integral three-phase motor. It can be fitted with time-lag control valves which reduce the speed of the power and return strokes.

A typical application is the operation of capter brakes to control a descending load. When the thruster approaches the full braking position motor speed is reduced to 20 per cent, ensuring instantaneous stop without bounce.

Other applications include furnace doors, presses, shearing machines, vices and clamps. The units are marketed in the U.K. by CEMA (U.K.), Atlas Road, North Way, Wembley, Middx. HA9 0SU (01-803 2771).

### Smooth run up to speed

SOLID STATE automatic starter for slip-ring motors giving a stepless run-up to speed is offered by Adv. Ind. Electrical Systems, Power Road, Chiswick, London, W4 5PZ (01-895 8485).

It consists essentially of a winding on an iron tube, the latter acting as a short-circuited secondary of one turn from losses caused by the eddy currents in the core are reflected as an impedance in the starter circuit (it is connected in series with the rotor) which has a high resistive component.

This impedance is at a maximum at the instant that the

## TRACER PHONE

Integrated telephone and paging GASS Cass Electronics Limited Phone 0424 6266 for information

## ● HAND TOOLS

### Prevents excessive heat

A SOLDERING iron with a stainless steel bit chamber and element bobbin, and a pre-tempered iron-plated copper bit, has been launched in the U.K. It is supplied with a stand which incorporates a patented heat sink to prevent excessive temperature rise when the iron is not in use.

The use of stainless steel minimises oxidation, ensuring consistent heat transfer and preventing bit seizure. The element is mica insulated and embedded in glass wool. A range of iron and chromium plated bits is available.

It is claimed that the heat sink, which balances the iron temperature when idle to about the same level as when in use, provides an economic compromise between costly thermostat controlled irons, and the disadvantages of oxidation caused by uncontrolled excessive temperature rise.

Iron are rated at 20, 25, 30, and 40 watts and the complete range of this Swedish made soldering equipment, called Stron, includes stand, bits, cleaning sprays, water bottle and desoldering tool. They are marketed in the U.K. by Welwyn Tool Company, Stonehills House, Welwyn Garden City, Herts. (Welwyn 28121).

## ● PRINTING

### Updating rotary presses

MOST NEWSPAPERS caught in the tide of "new technology" usually start with photocomposition in which the setting of lines of type is controlled by a computer and the casting of molten metal is eliminated—except for high circulation newspapers, where the casting of stereo plates for the rotary presses continues.

At the end of a photocomposition line the product is a flat photographic image. Some newspapers have installed web offset lithography presses, for which the printing plates are readily produced from the photographic image, with larger circulations, have had to introduce an intermediate process: using photopolymer plates enabling them to continue using their rotary presses for the long runs, and high speed production.

For newspapers which have a large investment in presses (at present prices, some £25m, for a national newspaper), there is a third possibility—di-lithography, as it is known in the trade, which enables a rotary press to be converted to the lithographic process. It can also be installed as original equipment.

Di-litho conversion involves installation of dampeners to introduce and control water in the unit (in fact a 98.5 per cent water solution supplied to the ink train); copper plating of drums to prevent ink-stripping; new blankets and packings; aluminium saddles to take lithographic plates (instead of stereotypes clamped to the rollers); and new electrical and water supplies.

Conversion equipment is now offered by companies based in the U.K., Sweden, West Germany, France, Switzerland and the U.S. Di-litho presses are made in Switzerland and Japan. There are four main types of dampening systems: contact roller; non-contact roller; spray and roller non-contact; and direct spray non-contact.

Advantages claimed for the system are lower capital investment than for the installation of a web-offset press; good print quality; cheaper plate costs, and reduced paper waste.

First plant in the U.K. to install the system is the Cambridge Evening News, which started di-litho printing last month. By the end of the year there will be at least two more—the East Anglian Daily Times, Ipswich, and Sefton Newspapers, Southport.

All three are using the equipment made by the Dahlgren Manufacturing Co., Dallas, Texas, whose U.K. agent is Horsley Wood Printing, Parkside Works, Grimsley, Leeds. LS20 8EN (0843 72211). Dahlgren was the company which developed the first conversion units, and uses contact rollers to carry water and ink.

Cost of conversion for a provincial newspaper installation seems to be in the region of £100,000, but at least one paper expects to save £25,000 a year in plate costs compared with the photopolymer alternative.

A number of large provincial newspaper groups are actively investigating the process and further decisions to go ahead are expected before the end of the year.

In general it is felt that the demands made on a national newspaper's presses could probably not be met by a di-litho conversion.

Mr. A. Cox, general manager of St. Clements Press, which prints the Financial Times, says: "It would be a very bold man indeed, who would install this process on a Fleet Street newspaper."

## NOTICE OF REDEMPTION

To the Holders of

### ENTE NAZIONALE IDROCARBURI

E. N. I.

(National Hydrocarbons Authority)

6 3/4% Sinking Fund Debentures due June 1, 1988

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Sinking Fund for the Debentures of the above-described issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has selected by lot for redemption on June 1, 1977 at the principal amount thereof \$683,000 principal amount of said Debentures bearing the following serial numbers:

#### DEBENTURES OF U.S. \$1,000 EACH

Table with columns for serial numbers and corresponding debenture values. The table lists numerous serial numbers ranging from 1771 to 2587, with values in U.S. dollars.

On June 1, 1977, there will become due and payable upon each Debenture the principal amount thereof, in such coin or currency of the United States of America as on that date is legal tender for the payment thereof in public and private debts, at the option of the holder, either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 15 Broad Street, New York, N.Y. 10015, or (b) subject to any laws and regulations applicable thereto with respect to the payment, currency of payment or otherwise in the principal office of Banca Nazionale del Lavoro in Rome or the office of Banca Commerciale Italiana in Milan or the main office of Morgan Guaranty Trust Company in Amsterdam or the main office of Kredietbank S.A. Luxembourg or the main office of Algemeene Bank Nederland N.V. in Rotterdam.

#### ENTE NAZIONALE IDROCARBURI

By: MORGAN GUARANTY TRUST COMPANY OF NEW YORK, Fiscal Agent

April 27, 1977

#### NOTICE

The following Debenture previously called for redemption has not as yet been presented for payment: DEBENTURE OF \$1,000

16-37764

There's more to this than meets the eye..



# EATON

Eaton is very much an industrial iceberg. You know it's there but you probably don't realise just how big it is.

Eaton in Britain is part of the £1000 million worldwide Eaton Corporation headquartered in the United States.

A company that has been active in Britain since the early years of the century.

And today it has manufacturing plants in nine different locations as widespread as Basingstoke and Livingston, employing over 4,500 people.

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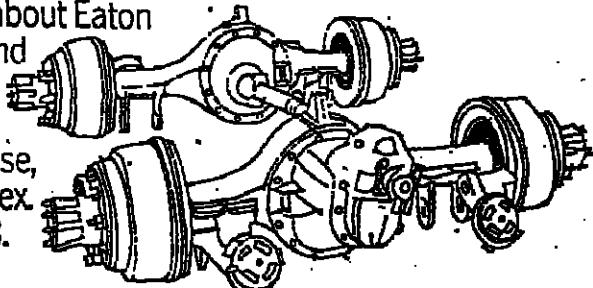
Eaton axles and gearboxes for Britain's commercial vehicles. Yale locks and a host of allied security products. Eaton industrial clutches and brakes. A range of Yale fork lift trucks and hoists.

Not very glamorous products perhaps, but extremely vital ones.

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If you'd like to know more about Eaton please write to Audrey Green and she'll send you the booklet "Eaton in Britain".

EATON LIMITED, Eaton House, Staines Road, Hounslow, Middlesex. Tel: 01-572 7313. Telex: 27798.



Copy 100 15/50



# Orders and output trends weakening

BY KENNETH GOODING

A SLIGHT but discernible weakening in new orders and output trends is shown in the Confederation of British Industry's latest quarterly industrial trends survey.  
More surprisingly, the slow but steady fall in below-capacity working has stopped, at least for the time being. There is no indication of any easing in rising unit costs.  
Associated with this, more exporters are concerned about diminishing price competitiveness.  
The CBI also suggests tentatively that there are some signs that supply problems could be beginning to appear despite a background of still-high unused resources.

## Brighter side

However, the survey, published yesterday, has its brighter side, showing that confidence about the general business situation in manufacturing industry has not participated companies typically changed much in recent months, will account for about 5m. U.K. manufacturing industry's investment intentions still seem buoyant.

## Details of trends

TOTAL TRADE—1,721 respondents. All figures are percentages based on a weighted sample. Figures in parentheses show the response to the survey carried out last January.

Are you more, or less, optimistic than you were four months ago about the general business situation in your industry?

	More	Same	Less
(a) Buildings	37 (37)	35 (35)	28 (28)
(b) Plant and machinery	35 (35)	30 (30)	22 (22)

Do you expect to authorise more or less capital expenditure in the next 12 months than you authorised in the past 12 months on:

	More	Same	Less
(a) Buildings	37 (37)	35 (35)	28 (28)
(b) Plant and machinery	35 (35)	30 (30)	22 (22)

Is your present level of output below capacity (that is are you working below a satisfactory full rate of operation)?

	Yes	No	N/A
(a) Buildings	66 (66)	33 (33)	1 (1)
(b) Plant and machinery	64 (64)	34 (34)	2 (2)

Approximately how many months' production is accounted for by your present order book or production schedule:

Less than 1-3	4-6	7-9	10-12	13-18	More than 18	N/A
(a) Buildings	10 (10)	41 (41)	18 (18)	3 (3)	2 (2)	3 (3)
(b) Plant and machinery	10 (10)	44 (44)	15 (15)	3 (3)	2 (2)	3 (3)

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends for the next four months, with regard to:

	Trend over past four months	Expected trend over next four months
Numbers employed	Up Same Down N/A	Up Same Down N/A
Value of total new orders	54 29 15 2	47 46 10 3
Value of output	64 27 8	64 26 8
Volume of output	37 48 14	35 52 12
Value of domestic deliveries	55 33 13 1	52 40 8 1

What factors are likely to limit your output over the next four months:

Orders or sales	Skilled labour	Other labour	Plant capacity	Credit or finance	Materials or components	Other
(a) Buildings	71 (71)	15 (15)	3 (3)	14 (14)	5 (5)	5 (5)
(b) Plant and machinery	73 (73)	22 (22)	1 (1)	2 (2)	69 (69)	3 (3)

Factors likely to limit your capital expenditure authorisations on buildings, plant and machinery over the next 12 months:

(a) I have adequate capacity to meet expected demand	(b) Although I have adequate capacity, I have also capital investment opportunities which would be profitable at the present cost of finance, but I shall not be undertaking some of them for the following reason or reasons:
(i) Shortage of internal finance	39 (39)
(ii) Inability to raise external finance	3 (3)
(iii) Shortage of managerial and technical staff	3 (3)
(iv) Shortage of labour	2 (2)
(v) Other	3 (3)

(c) My capacity is not adequate to meet expected demand but I do not intend increasing my capacity. This is for the following reason or reasons:

(i) Not profitable because of the cost of finance	(ii) Shortage of internal finance	(iii) Inability to raise external finance	(iv) Shortage of managerial and technical staff	(v) Shortage of labour	(vi) Other
(i) Not profitable because of the cost of finance	7 (7)	1 (1)	1 (1)	1 (1)	1 (1)
(ii) Shortage of internal finance	1 (1)	1 (1)	1 (1)	1 (1)	1 (1)
(iii) Inability to raise external finance	1 (1)	1 (1)	1 (1)	1 (1)	1 (1)
(iv) Shortage of managerial and technical staff	1 (1)	1 (1)	1 (1)	1 (1)	1 (1)
(v) Shortage of labour	1 (1)	1 (1)	1 (1)	1 (1)	1 (1)
(vi) Other	1 (1)	1 (1)	1 (1)	1 (1)	1 (1)

(d) None of the above is applicable

(i) Not profitable because of the cost of finance	(ii) Shortage of internal finance	(iii) Inability to raise external finance	(iv) Shortage of managerial and technical staff	(v) Shortage of labour	(vi) Other
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(ii) Shortage of internal finance	1 (1)	1 (1)	1 (1)	1 (1)	1 (1)
(iii) Inability to raise external finance	1 (1)	1 (1)	1 (1)	1 (1)	1 (1)
(iv) Shortage of managerial and technical staff	1 (1)	1 (1)	1 (1)	1 (1)	1 (1)
(v) Shortage of labour	1 (1)	1 (1)	1 (1)	1 (1)	1 (1)
(vi) Other	1 (1)	1 (1)	1 (1)	1 (1)	1 (1)

## Export trade

Firms completing these questions have direct exports exceeding £10,000 per annum. Number of respondents 1,539.

Are you more or less optimistic about your export prospects for the next 12 months than you were four months ago?

	More	Same	Less
(a) Buildings	37 (37)	35 (35)	28 (28)
(b) Plant and machinery	35 (35)	30 (30)	22 (22)

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends for the next four months, with regard to:

	Trend over past four months	Expected trend over next four months
Value of new orders received for exports	54 29 15 2	47 46 10 3
Value of export deliveries	61 27 10 1	60 28 6 1
Average prices at which export orders are booked	65 30 3	66 28 3

What factors are likely to limit your ability to obtain export orders over the next four months:

Delivery dates	Quota and licence restrictions	Political or economic conditions abroad	Other	
(a) Buildings	56 (56)	22 (22)	12 (12)	10 (10)
(b) Plant and machinery	56 (56)	22 (22)	12 (12)	10 (10)

# LABOUR NEWS Moderates win control of Civil Service union

BY DAVID CHURCHILL, LABOUR STAFF.

LEFT-WING leaders of British industry's biggest and most militant Civil Service union, the 230,000-member Civil and Public Services Association, suffered a considerable reverse last night in elections for the union's 26-member national executive committee.

The left's 16-10 majority on the executive was overturned by delegates at the union's annual conference in Southampton to give the moderates a 14-12 majority.

Immediately after the result was announced Mrs. Kate Losiska, acknowledged leader of the Right-wing, who narrowly failed to win the union's presidency on Monday, declared that the union was now "under new management."

The moderates' victory was helped by a vigorous campaign in the weeks before the conference among the crucial branch meetings which mandate delegates to the conference.

The Left-wing was also split between the Broad Left and the extreme Left-wing sections of the union. The only Trotskyist on the new executive—there were two last time—was Mr. Mike McGrath, and there are two Communist Party members.

Union officials were predicting last night that there would be extensive changes within the union, including a reorganisation of the moderates' victory. These could include an overhaul of the union's relations with outside

# Left and Right muster for pay debate

By Alan Pike, Labour Staff, in Eastbourne

LEFT and Right-wing leaders of the Amalgamated Union of Engineering Workers' engineering section national committee were mustering their troops last night for the politically important debate on continued support for the pay policy which takes place today.

The Left wing will press for an unqualified return to free collective bargaining despite an appeal by Mr. Hugh Scanlon, union president, for any decision to be deferred until after the general election.

Mr. Scanlon, union president, for any decision to be deferred until after the general election. He had made it clear that he favours continuation of incomes policy next year if adequate arrangements have been reached for the restoration of pay differentials, job flexibility and productivity agreements on top of a general pay norm.

Mr. Scanlon is one of the TUC negotiators on economic matters with the Government.

Right-wing members have a working majority on the 52-man committee this year but this does not guarantee a pay policy group an easy victory in today's debate.

Frustration over the pay policy, and particularly the effect which it has had on eroding differentials, to some extent cuts across political lines and some delegates may feel the strength of opinion in their divisional areas makes it impossible for them to defer a decision until the outcome of talks between the Government and TUC are known in the summer.

Today's decision is certain to be reached on a very small majority. An unsuccessful vote was made yesterday to defer discussion on pay policy until next week's meeting of the full conference — which usually has a slightly more Left-wing balance — although the engineering section's decision to discuss pay this week is certain to cause resentment from the union's smaller sections.

# Institute advises members against 'usual strike rules'

BY OUR LABOUR CORRESPONDENT

MEMBERS of the Institute of Journalists have been advised to "feel entirely free" to take on extra work to-morrow when closed shops and denying to members of the institute's bigger rival, the National Union of Journalists, have been called free to take on extra duties.

The NUJ has called a 24-hour strike from 5 p.m. to-morrow to coincide with the municipal elections in all provincial newspapers affiliated to the Newspaper Society.

The stoppage has been called in support of striking NUJ members at Kettering, Northants, where nine journalists left the NUJ to join the institute during a dispute about fringe benefits.

Mr. Bob Farmer, general secretary of the institute said in a circular that normally when the NUJ is on strike institute members do no more than their usual work. But this strike was different.

It is aimed solely at securing closed shops and denying to members of the institute's bigger rival, the National Union of Journalists, have been called free to take on extra duties.

He added: "It is of course general for trade unions including the institute to deprecate members resigning during a dispute. Unhappily the conduct of the NUJ has made it impossible for us to observe the normal rules—or even the elementary decency—of inter-union behaviour."

Mr. Farmer accused the NUJ of recruiting institute members "by any conceivable form of threat and pressure."

# Transport staff vote ousts Tom Bradley

BY OUR LABOUR STAFF

MR. TOM BRADLEY, last year's Labour Party chairman, has been voted, Mr. Bradley 28,700 and defeated in the vote for general secretary of the Transport Salaried Staffs Association.

Mr. Bradley has been acting general secretary of the 74,000-strong white collar union since Mr. David Mackenzie resigned the post in January because of ill health.

Mr. Walter Johnson, MP for Derby South and Mr. Arthur Beasly are contesting the presidency. Although voting has already been carried out, the decision is not expected to be announced until the association's annual conference which starts on May 16.

# Union militant suspended

BY OUR LABOUR CORRESPONDENT

Mr. Gordon Norris, a leading British Airways management militant on the executive of the National Union of Seamen, has been suspended by his employers, Atlantic Steam Navigation. The suspension follows an incident last week when customs men at Felixstowe stopped Mr. Norris as he left the ferry on which he was working.

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# Company disclosures code in Commons

BY OUR LABOUR CORRESPONDENT

A DRAFT CODE of practice on the disclosure of company information to trade unions for bargaining purposes was laid before Parliament yesterday by Mr. Albert Booth, Employment Secretary.

Prepared by the Advisory, Conciliation and Arbitration Service, the code is not legally binding but gives guidance to many if revealed—such as individual product costs, details of investment, pricing and marketing policies, price quotas and the make-up of tender prices.

But it is up to the employer, says ACAS, to establish a disclosure code. The code lists the sort of information that should be given under the general headings of pay, benefits, conditions of service, manpower, the company's performance, and financial data.

It also gives examples of information that might cause "substantial injury" to the company by disclosure—such as individual product costs, details of investment, pricing and marketing policies, price quotas and the make-up of tender prices.

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## No guarantee

Mr. Scanlon is one of the TUC negotiators on economic matters with the Government.

Right-wing members have a working majority on the 52-man committee this year but this does not guarantee a pay policy group an easy victory in today's debate.

Frustration over the pay policy, and particularly the effect which it has had on eroding differentials, to some extent cuts across political lines and some delegates may feel the strength of opinion in their divisional areas makes it impossible for them to defer a decision until the outcome of talks between the Government and TUC are known in the summer.

Today's decision is certain to be reached on a very small majority. An unsuccessful vote was made yesterday to defer discussion on pay policy until next week's meeting of the full conference — which usually has a slightly more Left-wing balance — although the engineering section's decision to discuss pay this week is certain to cause resentment from the union's smaller sections.

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# Lack of skilled worries Scots

BY OUR LABOUR CORRESPONDENT

A GROWING shortage of skilled workers is worrying Scottish employers who are contemplating investment and expansion. One inference is that a fair proportion of the stockpiling that has taken place has been involuntary.

On factors likely to limit output, the survey shows that the number of companies giving shortages of sales or orders as a reason remains high but it is lower than in the January survey.

There has been a sharp jump in the last three months in the percentage of companies expecting output to be held up because of unavailability of skilled labour, mainly but not exclusively in engineering and vehicle manufacture.

Plant capacity The CBI says: "There may be some significance in the fact that even when the recession is a far from distant experience, one-tenth of manufacturing industry would probably be producing more over the coming months but for a shortage of materials or components."

The 15 per cent of companies referring to lack of plant capacity is an average figure, about normal for this stage of the demand cycle, but seemingly high in relation to the proportion of companies working below capacity.

The survey suggests that if past relationships hold there will be little change in the seasonally-adjusted index of manufacturing employment between December and April and again between March and July.

It seems that the food, drink and tobacco industries in particular have had a sharp increase in employment during the past four months. A small balance of companies expects employment to rise in the coming four months.

A balance of 15 per cent of respondents indicates greater optimism now than four months ago about export prospects for the next year. This is an average figure for the series as a whole but lower than in recent surveys. Optimism is less widespread among larger companies.

Prices in relation to those of overseas competitors has become a much more widespread potential constraint to new export orders over the coming months.

Corporate liquidity The CBI repeated in this survey the six-monthly questions on corporate liquidity. Again, the results are interpreted with some caution because of the short-run nature of the questions (they were introduced in 1974).

Nevertheless, the balance reporting an improvement in net liquidity over the past 12 months is substantially lower than last October, which in turn was considerably below the figure in April last year.

The period of widespread improvement in corporate liquidity appears to be drawing to a close, although the forecast for the change between October 1976 and October 1977 is certainly not consistent with any dramatic worsening in liquidity.

It should also be pointed out that in many instances a deterioration in liquidity will have been planned, in the sense that it reflects a higher level in fixed and/or working capital, the CBI says.

Church leaders are full of society... "If socialist ideals were subjected to the sort of hostile scrutiny as capitalist ones are in the classrooms of the land, there would be an outcry in Parliament."

The survival of capitalism, Dr. Norman said, now depended on a shift in the attitudes of the leaders of educated opinion, and it was vital for the friends of capitalist society to put forward the case for its moral worth.

The four are likely to be based on Birmingham, Southampton, Newcastle and either East Anglia or Manchester.

The Confederation of British Industry hopes that the first four regional centres for promoting local links between schools and businesses will be set up under its Understanding British Industry project by the end of the year, writes Michael Dixon.

The project is intended to foster local contacts between companies and the country's 7



PARLIAMENT and POLITICS

DIRECT ELECTIONS TO EUROPE

Lady Tweedsmuir joins call for vote change

BY IVOR OWEN, PARLIAMENTARY STAFF

BARONESS TWEEDSMUIR, a former Tory Foreign Office Minister, yesterday emerged as another industrial advocate of conducting direct elections to the European Parliament through a system based on proportional representation.

Lord Wainman (Lab.) was also convinced that the first pass the post system would not be the right one for direct elections to Europe. But he emphasised that whatever method used, it should not be a precedent for elections to Westminster.

Biffen backs co-operation by States in enlarged EEC

BY RUPERT CORNWELL, LOBBY STAFF

THE ADDITION of Greece, Portugal and Spain to the Common Market would mean the end of hopes of a supra-national Community and the emergence of a Europe of individual nation states, according to Mr. John Biffen, former Conservative industry spokesman in a speech yesterday.

The inclusion of three new countries, and even Turkey as well, would show the futility of trying to impose common standards within a Europe stretching from Concomara to Mount Ararat, and from Caithness to Calabria.

Prior attacks Left view on industry

FINANCIAL TIMES REPORTER

LEFT-WING MPs were lectured yesterday by Mr. James Prior, shadow Employment Secretary, for undermining confidence in British industry and causing consequential loss of jobs.

Mr. Prior claimed in the Commons that only the private sector could provide the jobs the country desperately needed. He urged Mr. Albert Booth, Employment Secretary, to continue to tell the Left wing to "belt up."

Rees plans to remedy bomb hoax law defects

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT intends to introduce new laws to deal with bomb hoaxers during the course of the Criminal Law Bill in the Commons, Mr. Merlyn Rees, Home Secretary, announced yesterday.

He was speaking during the second reading of the Bill, which has been through the House of Lords where the peers passed 200 amendments to it. The legislation, which consists of 50 clauses and 11 schedules, proposes changes over a wide spectrum of the law.

Booth studies report on jobless youngsters

MR. ALBERT BOOTH, Employment Secretary, has now received the report of the Manpower Services Commission on a plan to ensure that all unemployed youngsters between 16 and 18 are given the opportunity of training, part-time further education, or work experience.

He told MPs in the Commons yesterday that he was giving careful consideration to the report and would make a full statement in due course.

Docks Board chairman seeks more freedom

BY JUSTIN LONG

MORE COMMERCIAL freedom for the State owned British Transport Docks Board was urged yesterday by Sir Humphrey Browne, the Board's chairman.

Questioned on the Board's prospects in the light of the improved return of capital last year from 8 per cent to 15.5 per cent, Sir Humphrey warned the committee that in the short term the prospects for the docks industry depended on the progress and performance of the economy and industry as a whole.

Thatcher urges call to NUJ

MRS. MARGARET THATCHER, Opposition leader, yesterday asked the Prime Minister in the Commons to urge National Union of Journalists members not to strike over Thursday and Friday—the period of the county election results.

MP seeks limit on diplomatic parking ticket exemptions

A PRIVATE members' Bill designed to solve the £500,000 a year parking problem caused by embassies claiming diplomatic immunity under CD plates, was given a formal first reading in the Commons yesterday.

Mr. Phillip Goodhart (C. Bromley and Beckenham) proposes to limit embassies and High Commissions to 200 parking ticket exemptions a year each. If exceeded, the Foreign Office would impose a sliding charge for parking services.

Mr. Goodhart said the rules governing diplomatic immunity were "ancient and complex" and meant an offender could not be brought before a court.

Written Answers

Mr. Patrick Cormack (Con. South West Staffordshire). "Whether compensatory payments made from the National Land Fund to the Commissioners of Inland Revenue in respect of capital taxes discharged in kind rather than cash, to the extent permitted under statute, represent an agreed value of the property when accepted less such sum as may represent any tax which might have been due on the property in question had it not been so accepted?"

Mr. Dennis Davies (Lab. Leicester West). How much has been spent by the Government to borrow from the Public Works Loans Fund during the coming financial year?

Mr. Michael Shersby (Con. Uxbridge). What discussions the Secretary of State has had with the National Enterprise Board concerning the design and production by the British motor cycle industry of machines comparable with the German BMW machine, which it is reported is to be produced in substantially increased numbers, many of which will be exported to Great Britain?

Mr. Evelyn King (Con. South Dorset). Will there be a further issue of index linked shares purchasable by pensioners?

Mr. John Hall (Con. Wycombe). Will the Chancellor consider issuing indexed Government Bonds specifically for pension fund investment?

Mr. Geoffrey Dodsworth (Con. Hertfordshire SW). What is the estimate of the likely stockpiling of plutonium resulting from reprocessing nuclear waste in Great Britain over the next ten years?

CONTRACTS AND TENDERS

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BANK OF SCOTLAND BASE RATE The Bank of Scotland intimates that, as from 4th MAY, 1977, and until further notice, its Base Rate will be altered from 9% per annum to 8 1/2% per annum. LONDON OFFICES—DEPOSITS The rate of interest on sums lodged for a minimum period of 7 days will be 4% per annum, also with effect from 4th May.

The new punch... business & C... in Southern... looking at... Ag... looking at Le...



# The Management Page

EDITED BY CHRISTOPHER LORENZ

Sub-contractors lack glamour, but some are heavy spenders on capital investment. Nicholas Leslie visits Ferreligh, a forward-looking sheet metal specialist.

## A new line in 'punching and nibbling'

THE IMPORTANCE of sub-contractors in the engineering industry may be beyond question, but the image with which they are saddled is often far from glamorous. Part of the reason lies in the fact that subcontracting embraces every thing from the sharpest of small operators to well-established and sizeable businesses, while the lack of a finished product makes it difficult for a company to achieve ready recognition.

The objectives of subcontractors can also vary considerably. At one end of the scale they may merely aim to make the production capacity of a product manufacturer find uneconomic to maintain on a permanent basis, and this often involves the use of sophisticated equipment. On the other hand, there are specialists making parts that a principal manufacturer cannot afford to produce, almost invariably because his production runs are not large enough to warrant capital expenditure on the required plant. The economics of this type of operation rest largely with the sub-contractor's versatility and ability to maximise the use of sophisticated and expensive machinery.

It is in the second of these roles which Mr. Bob Bradford, the founder and managing director of a 180-employee sheet metal engineering company near Shoeburyness in Essex, believes will become an increasingly important part of the British industrial scene. He envisages that the flourishing sub-contractor will progressively have to become a specialist and will have to maintain a high rate of investment in new and more advanced equipment. Even then he will not be able to rely solely on the capabilities that expensive and sophisticated machinery offers, but will have to stretch its limits. Lack of investment in new plant and machinery is frequently given as the main cause of Britain's industrial ills, although a counter-argument is that more efficient use of existing plant would probably give the country's industrial per-



Mr. Bob Bradford (right), founder and managing director of Ferreligh, and Mr. Alan Colley, manager, numerically-controlled machines, in front of one of their two £100,000 "punching and nibbling" sheet metal machining plants.

a manufacturer more efficient and a company more profitable. Management must think and move faster. It is probably best if a sub-contractor has one or two product lines—in Ferreligh's case they are a microfilm duplicator and a film projector—that provide a cushion against fluctuations in outside orders. Because of the necessity to maximise the use of machinery, forward planning should be extended as far as practicable. Similarly, if it is possible to shorten substantially the tooling-up period prior to manufacture of a new product, then the sales department must be fully aware of the way this may affect delivery dates.

Co-ordination with other sections is equally important—thus purchasing will have to adjust to ensure that raw materials are available when wanted; financing arrangements may have to be altered and administrative departments may have to introduce new procedures to cope with increasing business. Obviously some of these steps sound like common sense for any company, but it is apparent that Bob Bradford views them within the wider context of how the sub-contracting industry is to move forward to meet the needs of the entire engineering sector. He sees sub-contractors as leaders in industry, rather than followers, and in this context he is working to stay at the forefront of technological development. For example, he says that his company has developed an adaptation for one of its "punching and nibbling" machines, enabling it to cut sheet metal at angles other than right angles, rather than by a series of punches which leave a slightly rough edge to the cut. Another important point stemming from shorter setting-up times for modern machinery, says Bob Bradford, is that pressure to have long production runs is relaxed. And if, for example, a tool can be set up

in three rather than 20 minutes, 2½ to 3½ years. If a sub-company should be less inclined to want products made for stock. Consequently, the amount of money tied up in this area can be cut back. Alan Colley cites a (perhaps slightly exceptional) example of a specialist manufacturer who will continue at a considerable pace and that the cost effectiveness of each advance will be worth the new investment. In his own industry he reckons that the relatively recent introduction of numerically-controlled and computer-controlled machines has had produced the items within three weeks and the programming cost was £5,000. Looking to the future, Bob Bradford reckons that rapid technological changes in metalworking machinery will continue more completely out-dated and for at least another ten to 15 years. And he also remains convinced that the potential of such rapid change cost-effectiveness will be such as to offer only if a high occupancy rate is increasing scope for the maintained—and his own objective is 24 hours a day in three shifts—to enable the cost of the machine to be written off over to match.

## 65 PENSIONS and BENEFITS

## Passions flow on participation

BY ERIC SHORT

A BITTER fight over the Government's proposals to introduce industrial democracy into the pensions field now looks to be inevitable when the Bill is eventually introduced in Parliament. This is the only conclusion that can be drawn from last week's annual conference of the National Association of Pension Funds held in Torquay. The main theme of the conference was that of member participation and Mr. Stanley Orme, the Minister for Social Security, put the Government's case. Mr. John Nott, Shadow spokesman for Trade put that of the Opposition and Mr. John Methven, director general of the CBI the views of the employers.

One thing appears certain; the pensions industry that dominated by the Clive Jenkins proposals last summer clarifies the minds of employers on this question. The CBI carried out a survey of 100 leading companies employing 21m. people, of whom 1.6m. were members of pension schemes. The survey found that 43 per cent. of these scheme members already have full participation in the management and a further 1 per cent. have partial participation, the management bodies not being responsible for investment. Another 27 per cent were involved in discussion for participation and 12 per cent were in schemes which had pension advisory committees but no participative arrangements.

But Mr. Orme claimed that this impetus was solely the result of employers being frightened into doing something about member participation and that nothing much was being done a year ago. Mr. Orme could not really visualise an organisation where trade unionists were very much in a minority. He considered that in most companies the non-union members ride on the backs of the trade union negotiators over pay and conditions and are quite happy to do so. He therefore could not understand their bleating over being disenfranchised in the appointment of pension representatives.

The other question worrying the NAPF is what happens now. The Bill embodying the Government's proposals is in draft form—only the tangle in the Parliamentary timetable is holding up its introduction. The Government's association feels frustrated because its endeavours to alter the Government's thinking have been so unfruitful. It is obviously pinning its hopes on the Bill being substantially amended at the committee stage with Liberal Party support.

Hostility The meeting of the NAPF at last week's mood was one of implacable hostility. They just did not want trade unions involved at all. They all wanted to be left alone to develop their own brand of member participation involving their own system of appointment or election. This view was supported by Mr. Nott, who made great play of the trade unions running the country and stated that the Conservatives would fight tooth and nail against any legislation based on the White Paper. They would also introduce a code of practice designed to encourage employers to introduce member participation, he said.

All that was needed to give a balanced picture was a trade union spokesman, although Mr. Orme, as expected, made a more than adequate job of speaking for the unions.

It was clear from Mr. Orme's very passionate lunchtime speech that the Government has not moved more than a few inches from its original proposals given last August in its White Paper on member participation. These proposals are to give members of pension schemes 50 per cent. of the seats on all pension scheme boards and to give the sole right of nomination of these representatives to recognised independent trade unions.

Up to now the government has made no concessions at all on these proposals, but at a recent FT conference on industrial democracy, Mr. Orme announced that only members of the actual scheme could be nominated as representatives on company pension schemes. The nomination of these representatives would still be the prerogative of the trade unions concerned, however, and he re-affirmed this at last week's conference.

Mr. Orme maintained—he

### Right approach

This all-places a new set of demands on management, says Bob Bradford, both in relation to day-to-day operations, and in the approach to planning and financing. As Mr. Bradford puts it: "Machinery is only part of the message." He and Mr. Alan Colley, his company's manager for numerically-controlled machines, suggest that it is equally important for management to adopt the right approach to the way machines should be used and what best can be got out of them. In other words, it is no use thinking that the advent of sophisticated plant, will in itself make

### BUSINESS PROBLEMS

BY OUR LEGAL STAFF

### Partners and business cars

Although I understand that a company director and employees earning £5,000 plus are subject to the new legislation with regard to tax payable on business cars, my accountant tells me that there does not appear to be any mention of the position relating to a partnership. Is tax payable on a business car when used by a partner? What happens when one of the partners is also a director of a limited company? Partners' private use of partnership cars will be taken into account in restricting the partnership's capital allowances and (if appropriate) disallowing expenditure in arriving at the partnership's profit for tax purposes. If the car in question belongs to a company of which the partner in question is a director assessable under schedule E, then the Schedule E rules apply. Your accountant will be able to explain the rules in relation to any particular case which you have in mind.

### Property sale and premium

Ten years ago I bought a property abroad under the authority of the Bank of England and after paying the premium. If I sell now, shall I get the premium? Will this make me liable to capital gains tax? As the local exchange control regulations may make the remission of the proceeds of a sale difficult can the Bank of England help in view of the original authorised investment? You should be able to obtain the investment currency premium and would be liable to capital gains tax on your profit, whether due to the premium or not. We do not think the Bank of England would consider it part of its job to help you to transmit sale proceeds from abroad, though you would not be liable to tax on your gain unless you were able to remit it. No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

## Business & Government in Southern Europe

At a time of momentous change in Southern Europe, the assessment of political risk assumes even greater importance than usual for the foreign investor. A new service is therefore specially timely—periodically only one which draws on very extensive industrial contacts and expertise.

The Economist Intelligence Unit's new quarterly publication is called *Business and Government in Southern Europe*. It is designed to provide early warning for those investing, directly or financially, in the area. It aims to spot impending changes in government policy to private enterprise, and to detect political shifts and trends that could lead to changes of government.

*Business and Government in Southern Europe* covers each of these countries in every issue: Portugal, Spain, Italy, Greece, Turkey and Cyprus. Each country is considered in turn.

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It assesses the prospects of existing governments. Are they stable? What are the attitudes of potential successors? *Business and Government in Southern Europe* does not discuss broad economic trends at length. It refers to them when they affect government policy or political stability. It therefore complements the EIU's regular and long-established *Quarterly Economic Review Service*.

It is prepared in London in the EIU's International Publications Division. A team of authors with long experience of the countries covered work closely with local correspondents.

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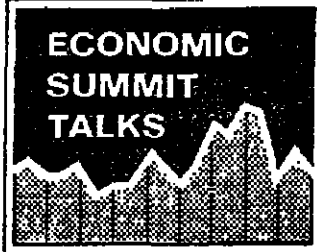
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A friendly Mr. Carter —but no push-over

By JUREK MARTIN, U.S. Editor, Washington

Steady nerves in industry

AGAINST A background of increasingly pessimistic domestic and international economic forecasts, the latest survey of industrial trends from the Confederation of British Industry is surprisingly encouraging, as was our own similar survey earlier in the week.

Strong rise Such external circumstances might be expected to cast a gloom over industry, yet there has in fact been no discernible weakening in general business confidence, investment intentions still suggest a strong rise —including, significantly, a rise in new industrial buildings, which suggest expansion plans and still planning to increase their stocks and output, and expecting to achieve higher export orders and deliveries.

The troubles facing Turkey

IT IS impossible to be clear at this stage about who was responsible for the May Day riots in Istanbul which resulted in the death of more than 30 people. It could have been either the extreme right, acting perhaps as agents provocateurs, or one of the many extreme left-wing groups whose quarrels, as often as not, are among themselves rather than with the major parties.

Antipathy The consequences of the unrest could be serious not only for the Turks themselves, but also for Europe, for the Western alliance, and possibly for a particular concept of economic development. For Turkey is a remarkable country in many ways. It is one of the few developing countries to have maintained a high level of economic growth over a period of decades effectively in the past, partly because of the need to form a coalition with extremist parties merely to ensure a majority, and partly because of their refusal to work in any way together.

Co-operation The present danger is that this antipathy will benefit only the extremists—those to the right of Mr. Demirel who favour some form of fascism and those to the left of Mr. Ecevit who would prefer some form of revolution. It would be helpful if in the near future the two men could find some way of saying that they regard each other as democratic alternatives who might even co-operate rather than rely on one example of the strains. A great deal of the fault has been on the Western side, though it has to be admitted that the Turks, like many others, exhibit an extreme sensitivity to criticism.

BARELY TWO months ago longer seem as intransigent as they once were. As seen from Washington, Herr Schmidt has allowed himself to become consumed and distracted by domestic political problems to a degree unexpected of a man re-elected little more than six months ago. At the same time, Mr. Carter, while an activist to the core, has shown signs of accommodation. The human rights trumpet has not been discarded, as he made clear in his television interview this week, but it is sounded less often and less shrilly. He made significant amendments in his legislative proposals to Congress on nuclear proliferation—designed to remove the foreign fear that he would shut off the supply of American uranium entirely. And with an open acknowledgement of the dangers of renewed inflation because of too much stimulus to the economy, he suddenly dropped his income tax rebate scheme.

There was good cause then for that assessment. The brash young economic advisers who toured with Vice President Mondale in January had hectoring the Germans and Japanese on the need to stimulate their own economies. Herr Schmidt, whose open support for President Ford in last year's election had not passed unnoticed in the Carter criteria, was critical of the new President's determination to control the proliferation of nuclear technology and of his provocation of the "Russian Bear" over human rights. What was seen as American prevarication over the development of a new NATO main battle tank was a further irritant. Mr. Carter, it seemed, was both messianic and inconsiderate and needed to be told a few of the facts of international life. When Herr Schmidt was conspicuously absent from the list of foreign visitors who flocked to Washington, and when at least one private communication from the German Chancellor to the White House went unacknowledged, the suspicion was that he was not prepared to listen.

American growth

On the central issue of the health of the Western economies, Mr. Carter will still maintain that it is incumbent on the "locomotive" nations (the U.S., West Germany and Japan) to do their part. Even though the Administration recently scaled down its projections for American growth in calendar 1977 from 5.4 to 4.9 per cent, the American view is that what is more significant is that the rate of real growth from fourth quarter 1976 to fourth quarter 1977 will be about 5.8 per cent, which is adequate. Both the IMF, in the person of Dr. Witteveen, and the OECD, under the normally more pessimistic Mr. Van Lennep, expressed the same conclusion in the course of the interim committee meeting last week.

At the same time the U.S. has come round to the view that there is little to be gained at this stage in berating the economic policies of Bonn and Tokyo. If Germany and Japan attain their 1977 growth targets (5 per cent and 6.7 per cent respectively), then the U.S. will be satisfied. For the moment, the



Herr Schmidt and Mr. Carter, the summit's two major figures, no longer seem as intransigent as they were.

U.S. is accepting at face value the German undertaking that if it appears in the autumn that that goal will not be reached, the major German economic institutes—extra stimulus will be applied. There is concern that the only way that Japan can reach 6.7 per cent is on the back of an export boom, which would be unsettling, to say the least. The U.S. accepts the argument that different economies need different economic policies, but there is a clear limit to that charity, especially if it endangers any chances of success in the multilateral trade talks in Geneva.

What the Americans are not prepared to do is to seek to identify a particular economic evil, either inflation or unemployment, as happened with the Puerto Rico summit. The communiqué will undoubtedly call for maintenance of those policies which lead to sustainable growth, but this will mask a fair amount of discussion on structural problems ranging from unemployment to balance of payments deficits and surpluses. The words "adjustment processes" are now ingrained into the international financial lexicon and Mr. Carter will encounter little opposition in principle when he endorses expansion of the IMF's liquidity.

He may embellish this by arguing that it is that sort of not in a mood to bend too far over trade, he may come up with the cause of democratic parties in Europe. As he has repeatedly said, the U.S. is not it is still unclear if foreign car

buyers in the U.S. will be entitled to the rebate to be applied, under his energy plan, to fuel-efficient cars. The Administration is hard at work now on a scheme which it is hoped would satisfy the needs of Detroit without breaking the rules of GATT. It may have an answer by this week-end.

On the energy front, Mr. Carter is half expecting a better welcome for a good part of his plan from the Heads of Government than he had inside the U.S., at least for his espousal of conservation. But he expects to be pressed for an assessment on what Congress will do to his grand plan and how long it will hold up its passage. Mr. Healey, the Chancellor of the Exchequer, for example, noted fairly last week that American business investment—a critical factor in continued U.S. economic growth—could well be delayed by uncertainty over the final congressional resolution at this stage. He is unlikely to be able to give much of an answer.

However, on the same subject, he can be expected to reiterate forcefully his determination to control the dissemination of nuclear technology and to defend his stand on the reprocessing of nuclear fuel. His legislative proposals to Congress last week did not move the fear that he would wily-nilly insert a dagger into the heart of what Herr Schmidt has described as "the major obsequiousness, less of the future industry" of fast breeder reactors. What he will say, and more accommodating though, with a fervour that than once seemed likely. It reflects an article of faith, is

So Mr. Carter will come to London not so much with a shopping list as with a translation book, looking not so much for dramatic agreement over the week-end as for pledges that what is agreed over the week-end can be put to work over the year ahead. And, of course, he wants to give his industrialised partners a collective first-hand look at himself. They will find him well prepared, intelligent, serious, unctuous, at times almost to the point of being a preacher than was once feared. What he will say, and more accommodating though, with a fervour that than once seemed likely. It reflects an article of faith, is

MEN AND MATTERS

Tea with the NEB

Yesterday's Press conference to illuminate the intricacies of the National Enterprise Board report got off to a promising start. I asked the young lady who ushered us into the conference hall whether it would be an exciting occasion. "I don't know about that," she replied, "but there will be tea and sandwiches later—after all, it's not British Leyland you know."

For one dreadful moment I thought I'd come to the wrong place. But not to worry, Leyland took pride of place. It is, as NEB chairman Lord Ryder put it "our major challenge," a term he preferred to the term "major headache" offered by one of his questioners.

He also neatly side-stepped a question as to whether the Leyland link had not tarnished NEB's general image. "Of course," Ryder said, "everybody who drives a car thinks they know how to manage Leyland better, but somehow I don't seem to get as many letters from people over how to manage our aero engine interests." He seemed confident that Leyland would survive.

Would NEB survive the possible election of a Tory government? Ryder was not too sure how to answer that one as, he said, the Conservative Party's attitude seemed to differ according to where he read about it. But he hoped that NEB's future would be judged on its record. "If it contributes to industrial efficiency, and uses its funds wisely and with profit then it should survive irrespective of party," he said. This was echoed later by NEB secretary Peter Gregson who also thought NEB would survive political change, although probably not in exactly the same form. As for relations with NEB's most direct political overlord, the Department of Industry,

which reputedly rather resents NEB's considerable operational freedom, Ryder and his assistants claimed an "excellent relationship." "When we need a decision from them it comes as rapidly and efficiently as in private enterprise," Ryder stated, adding that this confounded the warnings of his friends who told him before he took the job. "You can't beat the system, you'll just be monitored to death."

Educational One of the distinguishing features of a real civil servant is the tendency to field an embarrassing question or preface a put-down answer with that disarming phrase "Of course, you're absolutely right." By this criterion John Nisbet, formerly assistant secretary at the Department of Education and Science responsible for issues arising from the so-called "great debate" on education is a real civil servant. Or was, as he has now taken on a new job as Director of the Confederation of British Industry's "Understanding British Industry" (UBI) project.

The project aims at giving teachers of the 13 to 16 age group in Britain's 7,000 secondary schools a better understanding of industry and commerce. The CBI is in the middle of a fund-raising effort aimed at making £2m, available to pay the salaries of 10 full-time regional liaison officers, fund a resource centre to produce, collect and catalogue didactic material and generally spread the gospel about the function and problems of industry in the modern environment.

Why choose a civil servant, who presumably is not an expert on either industry or education for the task, was the question which allowed Nisbet his opportunity to use the "You're absolutely right" gambit before going on to dismiss such implied criticism as "a red herring," after all, "we are all amateurs really and live by our wits." The real reason for his selection was that the CBI selection committee thought "he had fire in his belly." But when the CBI man prodded him on that one Nisbet, whose dedication to education can be judged from the fact that he lives in a converted Church of England primary school in an Oxfordshire village, confessed that he didn't really know.

Weird We all make mistakes, but the propagandists of the Labour party seem more unlucky than most. Yesterday, Robert Weir sat for the last time as chairman of Oxfordshire County Council, but his day was marred after an unexpected and unwelcome appearance in a Labour party political broadcast the previous evening. Weir was described in the broadcast as a Labour council-



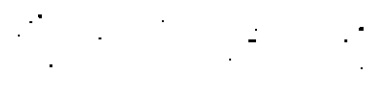
"Here is a party political broadcast for the Labour Party and possibly the Tory Party."

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Observer

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July 1975

# Labour in for a drubbing

BY COLIN JONES

NOT EVEN last week's top-surrey Parliamentary by-election results have dispelled the idea that the Labour Party is about to receive its worst drubbing in local elections since 1967. On the contrary, last week made the prospect seem even more likely. For in tomorrow's county and GLC elections, Labour were to manage to contain the anti-Government swing throughout England and Wales, to what one might call the low water mark set at Grimsby last week, it would still lose all but about six of the 18 counties it has had in its control. If, on the other hand, the swing across the country were to be as high as at Ashfield last week, then Labour would be lucky to end up controlling more than one county or two. These will of course be the usual large-crop of local variations to-morrow and almost certainly some major surprises to what one might call the low

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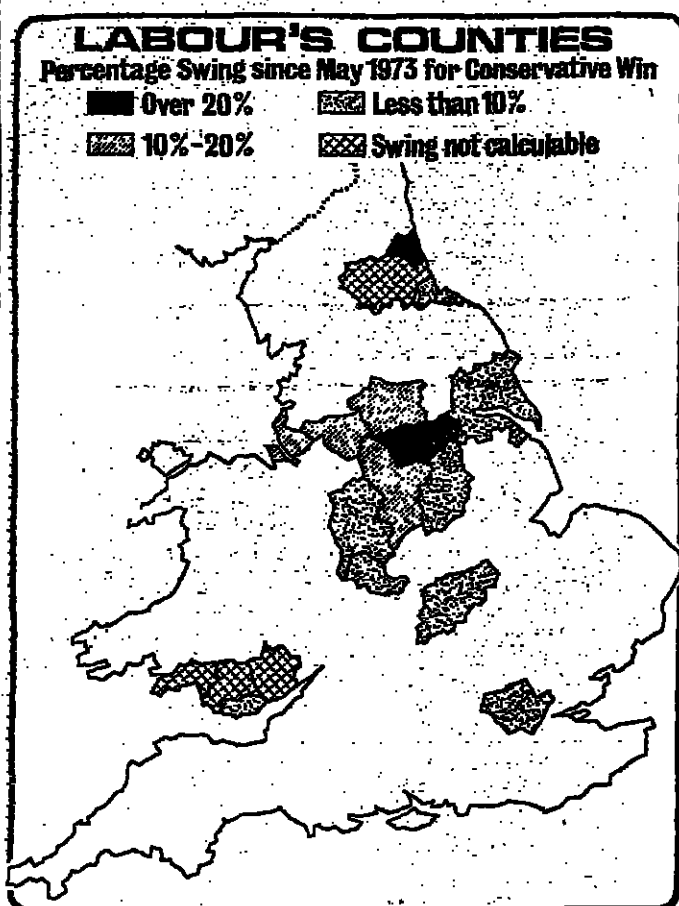
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PROSPECTS IN THE COUNTIES †			
% Swing since May 73	Some recent markers (% swing then)	Lab. lose control	Cons. gain control
1		S. Glamorgan	
2		Merseyside	
3		Northants	Northants.
4		W. Yorkshire	
5		Humber-side	
6		Staffs.	
7		Notts.	Notts.
		G. Manchester	Humber-side
		Cleveland	Cleveland
		GLC	GLC
		W. Midlands	
		Derbyshire	
8	May '76 district elections		W. Midlands
9	Grimsby by-election		S. Glamorgan
			Staffs.
10	May '75 district elections		G. Manchester
12	Latest Gallup poll		W. Yorkshire
15			Derbyshire
16	Av. last 10 Parly. by-elections		Merseyside
18		Tyne & Wear	
20		S. Yorkshire	
21		ILEA	
22			ILEA
23	Ashfield by-election		Tyne & Wear
25			S. Yorkshire

† Swings cannot be calculated for four Labour-controlled counties (Durham, Gwent, Mid-Glamorgan & West Glamorgan) where there were too few two-party contests in 1973.



## Favourable

Politically, too, there is a difference between the GLC and the metropolitan counties, on the one hand, and many of the "shire" counties, on the other. The first group—taken together with the more urbanised or heavily industrialised "shire" counties, like Durham, Cleveland (which lies around Teesside), Derbyshire, Nottinghamshire, and the mining valley counties of Gwent, Mid-Glamorgan, and West Glamorgan in South Wales—tend to be natural Labour territory. In 1973, a fairly favourable year for Labour, the Labour Party captured the GLC, seized control of all six of the newly created metropolitan counties and 11 of the more industrial or urbanised "shire"

counties, making a grand total of 18 Labour-controlled counties. The Conservatives won 15 outright and took power with Independent support in a further 13. Six counties ended up controlled by Independents and in another two no one party or group of parties attained a controlling majority.

The stage is thus set for Conservative gains this year, not only among Labour held counties but also among those shires where the Conservatives have hitherto had to depend upon non-Conservative support—such as Avon (the area around Bristol), Warwickshire, Cheshire, Berkshire, Northumbria, and Leicestershire. On present trends, the Conservatives would regard their performance to-morrow as less than encouraging if they failed to take the first ten Labour-held counties listed in the right-hand column of the table and to secure an overall majority in at least ten of the counties where they have been subsisting on Independent support.

Here and there, other political groupings could also have an impact upon the main Labour/Conservative battle. Ratepayer groups achieved some notable successes last year in parts of West Glamorgan, Cleveland and South Yorkshire. Independent Labour groups have local strongholds in parts of Lincolnshire and Northumberland. The Welsh Nationalists are hoping to make further progress in Mid-Glamorgan and perhaps elsewhere. And the National Front are making a special effort in Labour country in Greater London, West Midlands, and West Yorkshire. Together with local issues and local personalities, these are all factors which could have a particular influence upon what otherwise tends to be looked upon as a national popularity contest between the two main political parties.

The sequence of possible Labour losses and possible Conservative gains set out in the table therefore needs to be taken with a grain of salt. Election calling is never a precise art. In any case, "swings" in voting between Labour and Conservative candidates represent an attempt to describe the net change apparent after a host of different, often contrasting changes in voting habits have taken place. The word "swing" also has to be defined. In the table, it describes the net overall shift from Labour to Conservative which has or would have taken place since the last GLC and county elections in May 1973 not the overall swing or the two-party swing since the general election of October 1974.

If the Conservatives do end up in control of 30 or more of the 54 English and Welsh county councils and Labour is left with only half-a-dozen or less, what might we expect to be the main, visible consequences? The incoming Conservative groups would obviously be keen to push the sales of council houses, though their opportunities for doing so will be limited by Government regulations.

On past form, too, there could be some difference in the general attitude to the role of local government and in particular to local government spending. It is often said that there is not much difference on these matters between Labour-controlled and Conservative-controlled councils. In some third or even less, the Conservatives' share could grow to 60 per cent or more.

It also happens that councils responsible for about 57 per cent of all local current spending in Great Britain are up for re-election this week, a far bigger slice than in any other year of the new four-year cycle of local elections. If Labour does as badly this week as it has in the last 10 Parliamentary by-elections together, the share of all local spending in Britain which is controlled by Labour-held councils could be reduced from about 45 per cent to a controlled councils. In some third or even less, the Conservatives' share could grow to 60 per cent or more.

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## Letters to the Editor

### Two jobless juniors

From The Managing Director, Wimbledon Tennis-ware.  
Sir,—I phoned the Inner London Education Authority for the purpose of enquiring two jobless juniors. I was told that my name can only go to the register if I am prepared to pay them £25 per week each.  
I told the lady on the telephone that if I pay £25 a week for a raw youngster my staff earning between £3,000-£5,000 a year would raise the question of differentials. I pointed out that £25 a week is far too high. Her reply was that these youngsters have to travel.  
My reply to this was that I am not after the youngsters who live in Bournemouth or Basingstoke. I want the youngsters who live in Paddington, Bayswater and Elephant and Castle, to which the lady had no answer other than saying that transport costs are so high that youngsters must earn £25 a week because their travel costs are about £10 a week.  
If this is correct may I suggest that London Transport and British Rail issue cards specially for youngsters valid from 6.30 a.m. and from 7.00 p.m. to business and industry would pay these youngsters £15 a week which most businesses could afford financially and would not cause an upheaval in their general wage structure.  
I recently returned from Switzerland where a relative (18 years old) after leaving high school, which means passing exams in about ten subjects, decided to become an apprentice to a radio and television factory. For the first year he will be earning £3 to £4 a week; for the second year this wage will be doubled and for the third year the wage of the second year will be doubled.

### Health tests

From Mr. A. Bamford.  
Sir,—Dr. David Carrick, in his article on executive health (May 2), asks why a medical examiner for an insuring company is asked not to divulge his findings to an examinee.  
An insurance company obtains medical evidence from two sources—from the proposer's own medical attendant, and from an independent examiner. It is possible that some GPs would not object to another doctor giving advice to their patients but it is certain that many of them would. The company, which lacks the information to distinguish, and which is dependent on the goodwill of the medical profession, must respect the doctor-patient relationship in all cases.  
A. B. Bamford, 3, Bon Churchyard, Chappiside, E.C.4.  
If Dr. Carrick considers it desirable for a proposer to receive medical attention, what is there to prevent him writing to the medical attendant, via the insurance company if necessary? And the medical attendant for the unfortunate few who are not accepted at ordinary rates of premiums is to ask the company to write to their own doctor with an explanation. If, which is not likely, this request is refused, they should insure with a different company. There are cases where an extra premium is charged solely on evidence which comes to light in the medical examination, and is thus unknown to the medical attendant, most companies inform him without being prompted.  
As to the question of the willingness of companies to reconsider their decisions, the usual criterion is whether or not new evidence is available. Dr. Carrick's anecdote of the young lady, six months pregnant, who was rejected on the grounds of obesity, contains the admission that this decision was taken on the basis of a medical examination. The inference must be that the examiner's report mentioned the weight, but omitted to mention the cause.  
Perhaps Dr. Carrick should reserve his castigations for those of his colleagues who are unfamiliar with the symptoms of advanced pregnancy, but in any case it is hard to believe that the additional weight, thus occasioned was sufficient of itself to explain the difference between acceptance at ordinary rates of premium and outright decline, especially when we are told that the lady in question has since given birth to nothing more prodigious than a baby girl.

### Research grants

From The Managing Director, Orbit Controls.  
Sir,—In these crisis-ridden days one finds oneself sharing beds with strange, and sometimes incompatible, company. To-day I am at one with one of the nation's most prolific Jeremiahs, my near neighbour, "Disgusted of Cheltenham."  
Are we alone in protesting at the award, reported on your front page (April 28) of a grant by the Social Science Research Council of £25,000 to a professor at the University of East Anglia to finance the study, over a three-year period, of the mid-European multi-national companies in the period 1918-1939?  
From Mr. B. Adler.  
Sir,—As an industrial executive, I find it disturbing that even fully convinced opponents of all our economic ills still underestimate just how short lived the improvement in our export performance is following a devaluation and what the effect is on inflation of a 1 per cent devaluation. I find official estimates of 1 per cent incredible and feel both logically and intuitively that in the long run it must approach 1 per cent.  
As an executive in heavy engineering industry, I find even more disturbing the apparent complete lack of understanding by some Governmental and academic experts of the mechanism of pricing long-term tenders on major projects having a contractual life span of several years. Obviously present-day costs cannot be used to arrive at the cost (and hence prices) of goods to be produced, delivered and installed years hence.  
Sophisticated buyers normally readily accept some kind of contract price adjustment (CPA) formula based on official material and labour indices. This enables the manufacturer to quote prices based on a present-day cost knowing that he will near enough recover justifiable and unavoidable cost increases. The sophisticated buyer will, however, compare the past history of index increases in the respective tenderers' countries of origin and/or extrapolate future movement. He will then either reject on this basis any thought of accepting a CPA price formula, the basic price of the U.K. tenderer accordingly in any evaluation. An unsophisticated buyer will

### Devaluations cramp exports of capital goods

not even go through the motions of looking at CPA prices but will demand a firm price "fixed" for the duration of the contract—however many years ahead that may be. Clearly, the exporter must then allow in his price for future cost increases—a matter of crystal ball gazing.  
Inevitably extrapolation of past trends tempered by the outlook for the future will be the exporter's main (and only) guide line. The U.K. exporter will then probably end that while his present-day price (assuming he could design, build and deliver say a power station in a week) is competitive, his price "fixed" for the duration of the contract is not. The differentials in past and projected rates of increases in labour indices (inflation) and material indices (world inflation plus U.K. devaluation plus consequential inflation) between U.K. and say U.S., Japan or almost any European country except Italy, will have seen to that. Thus on a substantial and important proportion of our exports, devaluation does not even work as a short-term fillip, but reduces our competitiveness on a continuous basis.  
A rather simplistic view is sometimes expressed that if the export prices are quoted in foreign currencies rather than in sterling, then the U.K. exporter of "long term" capital goods is at no disadvantage because he can "confidently" quote a lower price in the reasonable expectation that one or more devaluations during the life of the contract will increase his ultimate receipts in sterling to the necessary level.  
No exporter can reasonably be expected to offset in his commercial deliberations on the price to be quoted inescapably

### Support for engineers

From The Honorary Press Officer, Institute of Scientific and Technical Communicators.  
Sir,—The Ekoisk oil rig row-out again emphasises the need for comprehensive and accurate documentation support for engineers working on complex installations and for our technical educational establishments to instil into the future generation of technologists an appreciation of this fact.  
One cannot escape the conclusion that this incident along with a high proportion of past engineering failures would not have occurred if the personnel concerned had been given the appropriate information at the appropriate time, in a form that could be readily understood. In other words, failures stem as much from defective technical com-

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A. B. Bamford, 3, Bon Churchyard, Chappiside, E.C.4.  
If Dr. Carrick considers it desirable for a proposer to receive medical attention, what is there to prevent him writing to the medical attendant, via the insurance company if necessary? And the medical attendant for the unfortunate few who are not accepted at ordinary rates of premiums is to ask the company to write to their own doctor with an explanation. If, which is not likely, this request is refused, they should insure with a different company. There are cases where an extra premium is charged solely on evidence which comes to light in the medical examination, and is thus unknown to the medical attendant, most companies inform him without being prompted.  
As to the question of the willingness of companies to reconsider their decisions, the usual criterion is whether or not new evidence is available. Dr. Carrick's anecdote of the young lady, six months pregnant, who was rejected on the grounds of obesity, contains the admission that this decision was taken on the basis of a medical examination. The inference must be that the examiner's report mentioned the weight, but omitted to mention the cause.  
Perhaps Dr. Carrick should reserve his castigations for those of his colleagues who are unfamiliar with the symptoms of advanced pregnancy, but in any case it is hard to believe that the additional weight, thus occasioned was sufficient of itself to explain the difference between acceptance at ordinary rates of premium and outright decline, especially when we are told that the lady in question has since given birth to nothing more prodigious than a baby girl.

## To-day's Events

GENERAL  
Presentation of addresses to the Queen by both Houses of Parliament to mark Silver Jubilee, Westminster Hall, S.W.1.  
International Monetary Fund holds monthly gold auction, Washington.  
Mr. John Silkin, Minister of Agriculture, speaks at Food Manufacturers' Federation lunch, Dorchester Hotel, W.1.  
Advisory, Conciliation and Arbitration Service annual report.  
India and Bangladesh expected to open negotiations in New Delhi on formal agreement for sharing waters of Ganges.  
Analgamated Union of Engineering Workers' engineering

## COMPANY MEETINGS

Peninsular and Oriental Steam Navigation (full year). J. Sainsbury (full year).  
Church, St. James, Northampton, 12. East Lancashire Paper, Radcliffe, 11.45. Fairclough Industry, Department of (Leonard), Manchester, 11.30. Ford (Martin), Winchester, E.C., 12. Metalark, Edgbaston, 11.45. Otoman Bank, Great Eastern Hotel, E.C., 12.30. Expenditure (Social Services) Schrodgers, 120, Cheapside, E.C.4. and Employment sub-committee, 12.15. United States Debutante Corp., 2, St. Mary Axe, E.C.12. White Paper—health and social services section. Witnesses: Department of Health and Social Security (4.30 p.m., Room 3).  
Cricket: MCC annual meeting, Lord's; Tennis: Sutton tournament.  
Bellyway Holdings (half-year).

# JOIN THE LEEDERS. FOR CAPITAL IDEAS THAT PAY OFF FAST.

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# COMPANY NEWS + COMMENT

## Bunzl finishes £1m. ahead at £13.2m.

AS FORECAST at midday, when an advance from £6.3m. to £8.64m. was reported, pre-tax profit of Bunzl Pulp and Paper for 1976 showed an improvement on the previous year and finished £0.8m. ahead at £13.18m.

Earnings per 25p share before extraordinary items are up from 31.2p to 22.3p and after such items from 25p to 29.4p. There is a second interim dividend of 1.83p net and a conditional final of 0.657p raising the total payment from 3.989p to 4.422p.

1976	1975	
Turnover (incl. assoc.)	17,900	17,900
Trading surplus	11,917	11,897
Share of assoc.	2,133	2,133
Interest	1,481	1,481
Depreciation etc.	6,334	6,334
Add donations	2,235	2,235
Interest payable	567	567
Director's emoluments	587	587
Competition	678	678
Prov. for overseas debt	1,192	1,192
Prov. for overseas loan	1,192	1,192
Profit before tax	3,316	3,316
U.K. tax	3,348	3,348
Overseas tax	1,890	1,890
Share tax	88	88
Net profit	6,851	6,851
Minority profits	891	891
Extraordinary credits	1,333	1,333
Available	7,775	7,775
Dividends	1,158	1,158
Reserves	6,617	6,617

Sales by overseas subsidiaries, together with the exports and overseas trading of the U.K. companies, amounted to £135.68m. Approximately 88 per cent. of the group surplus before tax arose from exports and overseas operations.

Group sales worldwide have increased in the first three months of 1977 compared with the same period last year, but the pressure on margins and earnings has continued, say the directors.

The Board is confident that the group will continue to make progress.

### comment

The market was disappointed with the results from Bunzl and the shares were marked down 8p to 102p. In fact the U.K. filter business did reasonably well but various problems persisted overseas. In Austria and Italy, reorganisation provisions were necessary, while the merchandising division contributed less and made a big provision for doubtful debts. Further bad news comes from the halos sheet stocks have risen £12m. (admittedly from depressed levels) leading to a £3.7m. reduction in liquid funds. The current year should see a profits rise as some of these exceptional items disappear and as the packaging and plastics sides make further progress. But the domestic filter will probably be held back by the higher duty on cigarettes. The historic p/e of 4.5 reflects an understandably cautious approach to the shares, while the yield of 6.7 per cent. does not provide much incentive for those seeking income.

## Lamson steady so far

After deducting inter-company sales, turnover of Lamson Industries rose from £35.42m. to £40.78m. for the first quarter of 1977 and pre-tax profit was

### INDEX TO COMPANY HIGHLIGHTS

Company	Page	Col.	Company	Page	Col.
Allied Polymer	18	7	Guest Keen	22	4
Arenson (A.)	18	2	Halfsted (James)	20	5
Beauford Group	19	3	Harrison (T. C.)	18	6
Brent Chemicals	20	2	Lake View Investment	20	3
Bunzl Pulp & Paper	18	1	Lamson Industries	18	1
Clayton Son	19	5	Laport Industries	19	1
Dollar Land	20	5	Mazini's	19	3
Dumbex-Comber-Marx	18	5	Ready Mixed Concrete	19	4
Engle Star	20	4	Rentokil	19	2
Flight Refuelling	18	4	Reynolds Parsons	20	1
Friends Provident	20	5	Robert Adams	19	3
G.R. (Holdings)	18	3	York Trailer	19	1

£2.66m., compared with £2.55m. held at 0.6289p. Last year's final dividend was 1.2826p.

For the full year 1976 sales were £130.4m., pre-tax profit £3.16m. and earnings 7.2p per 25p share.

Lamson is a subsidiary of Moore Corporation of Canada. The company is active in the business of office and business supplies.

1976	1975	
Turnover	40,777	31,413
Trading profit	4,981	3,782
Depreciation	992	992
Investment income	124	124
Trading profit	2,813	2,813
Interest payable	308	308
Profit before tax	2,483	2,483
U.K. tax	1,291	1,291
Net profit	1,192	1,192
Minority interests	91	91
Attributable	1,091	1,091

## A. Arenson back in profit

FOR THE six months to January 31, 1977, office furniture and equipment manufacturers, A. Arenson (Holdings) reports a return to profit with a figure of £181,000 compared with losses of £421,000 for the corresponding period and £465,000 for the last full year.

Mr. Archy Arenson, chairman, says that increased demand for the company's products from home and overseas, and improvements in production flow and volume, the recovery should continue during the second half and he looks forward to being able to announce satisfactory sales and profits for the full year.

1976	1975	
Turnover	2,800	2,800
Profit before tax	141	141
U.K. tax	91	91
Net profit	50	50
Minority interests	45	45
Attributable	5	5

Although tax at 52 per cent. has been deducted from the profits, no tax will in fact be payable owing to losses and allowances brought forward.

The net interim dividend is

and sale of garments and other products made principally of sheepskin, suede and leather. The group also operates Grayshot Hall, which provides facilities for health and relaxation.

### comment

Price rises certainly enhanced the profits of G. R. Holdings in the critical first half, but there was organic growth from all divisions including Grayshot Hall where costs have risen sharply. The retail shop in Oxford Street benefited from the tourist boom but the bulk of profits comes from the merchandising side and there exports (maintained at over 40 per cent. of the increased turnover) were the key. The second half will bear the brunt of much higher prices of raw skins—the main buying period is just starting—but the strong cash position (over £1m. net in December) gives the company plenty of liquidity. Just 10 per cent. profit increase in this period, and the company looks set for £2m. profits for the whole year. This would give a prospective p/e of 4 at 34p where the market dividend would yield 8.5 per cent.

## 64% rise by Flight Refuelling

WITH TURNOVER up by 37 per cent from £6.42m. to £8.76m. pre-tax profit of Flight Refuelling rose by 64 per cent. from £598,273 to a record £975,345 in 1976.

At the interim stage, when pre-tax profit was 81 per cent. up from £257,000 to £450,000, the directors said they believed second-half results would be at least as satisfactory. Earnings per 25p share are 4.65p to 8.23p in 1976. A final dividend up from 1.572p to 1.729p raises the net total from 3.222p to 3.544p a share.

The chairman's proposal to reduce the 1976 dividend to 1.572p is confirmed, a further final dividend of 0.653p will be paid with the 1977 interim.

### comment

The way in which increased business has been reflected in the final figures of Flight Refuelling, turnover rose 37 per cent. while profits increased by 64 per cent. Profits would have been even higher but for the completion in the second half of a couple of big government contracts where margins are relatively low. Despite the confusion surrounding the aircraft industry, and the nuclear power industry's home sales improved as a proportion of the total. Exports increased by 25 per cent. although the aircraft selling systems division managed to maintain exports at around 50 per cent. of total. Given prospects of steady but unexciting growth and possible problems in diversifying out of nuclear, the company is fairly valued on a share-price of 46p where the p/e is 5.3 and the yield 8.8 per cent.

# Sales top £500 million. Strong performance overseas.

	1976	1975
Turnover	£515,228	£411,896
Profit before tax	£ 22,944	£ 12,636
Earnings	£ 9,197	£ 5,178
Dividend per share	5.17p	4.70p
Basic earnings per share	14.4p	8.1p

From the Statement by the Chairman, Mr. John Camden  
Group profits before tax increased by 82% to £22.9 million.

There was a recovery in construction industry demand in most of our overseas areas of operation. Overseas sales constituted over 50% of the Group total. The volume of business is, however, well below the levels achieved in 1973.

The further decline in construction activity in the UK created difficult trading conditions, but operational flexibility enabled us to consolidate our position.

1977 will again be a challenging year, since the recession in the UK shows no signs of abating. However, the immediate prospects for our overseas subsidiaries are much healthier, and we are well placed in all our areas of operation to benefit fully from our available capacity.

The Annual General Meeting will be held at the Dorchester Hotel, Park Lane, London W1 on Friday, May 27 at 11.30 a.m.

To: The Company Secretary, Ready Mixed Concrete Limited, RMC House, High Street, Feltham, Middlesex. TW13 4HA.  
Please send me a copy of the 1976 Report and Accounts.

Name \_\_\_\_\_  
Address \_\_\_\_\_

## Ready Mixed Concrete

### DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Allied Polymer	Nil	—	2.15	2.21	4.43
A. Arenson	0.83	Aug. 31	0.83	1.66	2.51
Bunzl Pulp & Paper	2.5	May 31	1.78	4.28	6.3
C. L. R. P. Investment	0.6	June 1	0.5	1.1	1.6
DCM	71	Nov. 15	4.35	10.1	8.55
Flight Refuelling	1.73	—	1.57	2.55	2.32
G. R. Holdings	int.	July 6	3.5	3.7	17.0
Lake View Inv.	2.48	—	2.23	3.66	3.33
Laport Industries	1.45	July 1	1.1	2.1	1.65
Maximist	3.24	July 5	2.4	5.39	3.8
Robert Adams	4.5	—	4	4.5	4
Robert Adams	2.46	July 1	2.24	3.9	3.53

Dividends shown pence per share net except where otherwise stated. \*Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡Gross throughout.

## DCM jumps to peak £5.91m.

AN UPSURGE in pre-tax profits from £3.51m. to a peak £5.91m. is reported for 1976 by manufacturer of toys, plastics and toiletries, Dumbex-Comber-Marx. Turnover for the period jumped from £28.74m. to £38.49m.

The directors explain that the improvements are the result of general growth, the first contribution from the economic agreement with the USSR, and the fact that Louis Marx (U.S.) outstripped its budget target of £4m. even. Earnings per 10p share are up from 31.8p to 34.2p and the dividend is raised from 6.532p to 10p with a final of 7p net on capital increased by last year's rights issue. The directors propose to increase the dividend if income tax is reduced.

The directors report that results of the 1977 toy fairs around the world indicate another year of continued growth with the expectation of significant contributions from America and Hong Kong. The directors expect to reach a much higher level in 1977. The DCM and Industrial divisions also expect to show further progress.

1976	1975	
Turnover	28,740	28,740
Pre-tax profit	3,510	3,510
Tax	2,890	2,890
Net profit	620	620
Minority interests	12	12
Available	608	608

Following upon the Chairman's statement in his budget speech regarding stock relief and in common with other public companies the Board considers that it is not necessary to make full provision for the contingent liability for deferred taxation resulting from stock relief for 1976. Had full provision been made an additional £1m. would have been transferred to deferred tax account.

### comment

DCM's full-year profits—up 68 per cent. pre-tax—are well above most expectations and the shares jumped 3p yesterday to 254p where the yield is 6.2 per cent. covered 3.4 times. The growth which gained pace in the second half reflects a better than expected performance from Louis Marx U.S., which in the year prior to its April 1976 acquisition made a £16m. loss. But it also reflects a strong performance

**Brasilvest S.A.**  
Net asset value as of 29th April, 1977.  
per Cr\$ Share: Cr\$16.331  
per Depository Share: U.S.\$11.273.55  
per Depository Share (Second Series): U.S.\$10.591.25

**THROGMORTON CONVERSIONS**  
The directors of Throgmorton Trust report that holders of £0.85m. of the 81 per cent. convertible unsecured Loan stock of 1988-92 have converted into £1.46m. Ordinary shares.

## Allied Polymer slumps—no final

A SLUMP in taxable profit by more than half from a depressed £2.25m. down to £1.01m. is reported by Allied Polymer Group for 1976. Sales were up £5.37m. to £90.02m. At half-time profit fell to £0.27m. against £1.23m.

In the light of trading results and the need to preserve cash to exploit and support the improvement in trading currently being experienced in both the U.K. and Australia, the directors have decided not to pay a final dividend. The net total is 1.14p (the interim of 2.2129p (4.4259p) per 25p share, absorbing 20.45m. against £0.79m. Stated earnings per share slipped to 3.1p (7.2p).

The directors say they have reviewed the possible liability for deferred tax and are satisfied that the excess of the current period over the revised figure be taken back into shareholders' funds. This amounts to £2.64m. and in their opinion shows a more realistic view of the net worth of the group. In adopting this approach they refer to the recommendations of the Morphet Committee which advocated that a liability for deferred tax should only be created where there is a reasonable probability that a

### ISSUE NEWS

## Watts Blake rights and doubled dividend

Watts, Blake, Beare and Co. proposes to raise £980,000 by way of rights on the basis of one for eight at 108p per share. The group intends to recommend a dividend totalling 4.3p net (6.4615p gross) for the year to December 31, 1977. This announcement follows the group's failure in 1976 to gain freedom from dividend control by reason that four-fifths of its earnings came from overseas. The total net dividend proposed for 1976 is 2.1p, although the new shares will not rank for the final dividend of 1.1p. At a price of 139p the 1977 forecast gives an ex-rights yield of 4.8 per cent. The proceeds of the issue will be used to meet foreseeable capital expenditure and also to provide adequate financial flexibility for the future. Capital expenditure authorised for the current year is estimated at around £2m. Further expenditure on additional processing plant for clay products is planned for 1978.

English China Clays has undertaken to subscribe for its pro-rata entitlement of 182,153 Ordinary shares and the balance has been underwritten by Kleinwort Benson, Brokers and Phillips and Drew, Allentree letters will be posted on May 9, 1977 and dealers in the new shares are expected to start the following day.

## Yearlings at four-year low

The coupon rate on this week's yearling bonds has dipped to 91 per cent, the lowest level since May 30, 1973. The Bonds are due on May 10, 1978 at 95 per cent.

**King & Shaxson**  
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Gift Edged Portfolio Management Service Index 3.5-7.7  
Portfolio I Income City 85.37  
Portfolio II Capital Offer 121.7  
Portfolio III 121.8



# Christies' Year

London's position enhanced as centre of International Art Market.

"The Results for 1976 show a record pre-tax profit of £3.66 million which has accrued from increased sales throughout the world. A greater volume of business has passed through our London salerooms including a larger percentage from abroad. Our new saleroom in New York which opens shortly is an exciting venture which offers the prospects of increasing existing overseas earnings which now account for one-third of pre-tax profits. The market in London remains as buoyant as ever. The prospects for immediate sales at home and overseas are encouraging."

J. A. Floyd  
J. A. FLOYD, Chairman.

**Christies International Limited Results for the year ended 31st December 1976**

	1976	1975
Turnover	11,460	7,187
Profit before taxation	3,660	1,906
Taxation	3,019	906
	1,641	1,000
Attributable to minority shareholders	(15)	(5)
Profit after taxation and before extraordinary items	1,626	995
Extraordinary items	(102)	(28)
Profit after taxation and extraordinary items	1,524	967
Dividends	600	546
Retained profits	924	421
Earnings per share	7.94p	4.86p

**Analysis of Sales**

	1976	1975
Total world wide sales	£4,594	£3,225
Overseas sales	13,491	10,139
U.K. Sales	42,103	29,086
Overseas		
E.E.C.	1,924	1,290
Switzerland	10,001	8,089
Spain	—	92
Canada	90	189
Australia	476	559
Departmental Analysis		
Old Masters	11,391	7,995
Impressionist & Modern Works	4,707	4,361
Prints, Drawings and Watercolours	1,759	887
Porcelain and Glass	6,819	3,692
Jewellery	8,039	7,347
Objects of Art and Vertu and Coins	4,010	2,484
Silver	4,453	3,100
Furniture, Carpets & Tapestries	6,556	5,094
Arms and Armour	1,671	686
Books and Manuscripts	1,395	1,300
Wine	2,870	1,463
Vintage Cars, Models & Miscellaneous	624	903

Christies International Limited  
Copies of the Report and Accounts may be obtained from the Secretary, Christies International Limited, 8 King Street, St. James's, London SW1Y 6QT.

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Joy 10 1.50

# Record £15.35m. profit from Laporte

RECORD PROFITS and a restoration of the dividend rate to the 1974 level plus 10 per cent. are announced by Laporte Industries (Holdings), the specialist chemicals concern.

For the 53 weeks ended January 31, 1977, group pre-tax profits rose to £15.35m. compared with £4.23m. External sales reached £131.43m. against £91.73m. These sales now include the attributable share of the sales of the group's various Associated Companies, which amounted to £44.5m. in 1976 (£28.6m.).

Stated earnings per 50p share are 39p (6.64p) before extraordinary items of £0.74m. and 17p after a final dividend of 3.28p. This net makes a total payment of 5.398p compared with 3.6p.

Mr. R. M. Ringwald, chairman, says: "Laporte has had a good year in 1977 despite the prevailing difficult UK economic conditions. The satisfactory results of the first half of the year (when profits rose from £1.24m. to £3.27m.) were followed by some further improvement, particularly in the last quarter. The main reasons for the good performance were the very much higher level of exports from the UK and the good profits arising from overseas operations, both of which were enhanced by the movement in exchange rates."

## BOARD MEETINGS

The following companies have notified their Board members to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerns are interim or final and the sub-divisions shown below are based mainly on last year's results.

**TU-DAY**

Insurance: Bellway Holdings, S. Caske, London and Provincial Ship Centres, Moss Endurance, Somerville, Plus Service

Finance: Continental Union Trust, Dunlop, Edgars, International, Fenwick, J. S. Holdings, Fenwick and Orla, Steam Navigation, Phoenix (London), J. Seabury, (28.6m.).

1976	1977
External sales	131.43
Laporte and subs.	91.73
Import and subs.	44.50
Depreciation	2.20
Trading profit	1.50
Laporte and subs.	1.50
Associates	1.50
Interest payable	1.50
Profit before tax	15.35
Taxation	1.50
Net profit	13.85
Extraordinary items	1.50
Preference divs.	1.50
Attributable Div.	1.50
Interim Div.	1.50
Final	1.50

A breakdown of the trading profit level shows that Laporte and subsidiaries contributed £9.54m. (£2.86m.) while associates contributed £4.80m. (£1.92m.). If the tax credit is reduced for the fiscal year 1977-78 before September 15, 1977, an additional dividend in respect of 1976 will be paid. If the tax credit is reduced to 84/100ths, a dividend of 0.03987p per share amounting to £38,919 would be payable in order to maintain the gross dividend at £1.50m. and the Board intends that this would be paid with the interim dividend for 1977.

See Lex

## Rentokil set for good year

The chairman of the Rentokil Group said at the AGM that prospects for 1977 were good. Results for the first quarter in 1977 are in line with the forecasts that the declining building services had been arrested.

# 1977 challenge for RMC

Hope that Ready Mixed Concrete will continue progress in the current year is expressed by Sir J. Camden, chairman, in his annual statement.

He looks forward to an eventual recovery in the U.K. market in order to benefit fully from available capacity. The year 1977 will again be a challenging year since the recession in the U.K. construction industry shows no sign of abating, he says.

The immediate prospects for the overseas subsidiaries, however, are much healthier even if the improvement appears likely to proceed at a slower pace.

Mr. Camden states that the development programme of past years is now bearing rewards. The directors continue to review and explore expansion opportunities for building material products in other parts of the world and investigate new products and industries in the U.K. which are not dependent on the construction industry.

At the opportune time they will continue to broaden the geographical and product mix of the company.

As reported on April 7, pre-tax profit for 1976 increased by 32 per cent. to £22.94m. on sales of £513m. (£412m.). Overseas turnover was £274m.

Internal current cost accounts show an increase of 29.7m. in depreciation provision and a cost of sales adjustment of £2.12m.

The chairman says that depreciation rates will be reviewed in 1977 with the effect that the extent that the rates are lowered and increased by the introduction of a provision in respect of assets that were previously fully depreciated.

After deducting cash balances and short-term investments, the net borrowings of £44m. at December 31, 1976, were approximately 5m. lower than at the end of 1975, in spite of an 83m. increase in the sterling value of overseas borrowings arising from the depreciation of the pound.

Capital expenditure commitments amount to £12.65m. (£4.53m.) of which £2.41m. (£2.41m.) has not been contracted.

Meeting, Dorchester Hotel, W. May 27, 11.30 a.m.

## Clayton Son orders reasonable

THE CURRENT order book at engineers Clayton Son and Co. (Holdings) is in a reasonable condition though prices and deliveries are shortening on work both at home and abroad. Mr. S. C. Thomson, the chairman, tells members. He points out that the company's prospects have mainly been on the success in world markets of the engineering contracting which it sub-contracts.

A two-year contract in Mexico was completed during 1976. Through a number of sizeable projects for abroad in the contracting and machine tool fields have been followed up spending stringency has been in evidence. It is clear that orders will be difficult to obtain while international conditions in capital equipment remain on a low key, he says.

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Meeting, Leeds, on May 27, at 2 p.m.

## Beauford on target for record

PERFORMANCE so far in the current year by Beauford Group, manufacturers of heavy machine tools, plant and spares for the steel industry, is up to expectations. The directors are confident that provided there is no further deterioration in the climate for the industry, the company will achieve the satisfactory increase in profit for which they have budgeted. Mr. G. Crawford, the chairman, says in his annual statement.

As reported on April 15, pre-tax profit was raised 23 per cent. to £8.45m. on sales down from £4.55m. to £4.3m. Exports totalled £0.55m. The net dividend is lifted to 2.99p (2.72p) per 10p share.

Net liquid funds showed a rise of £0.34m. (down £0.12m.) with bank overdrafts at £58,307 (£402,981). Interest payable was cut from £45,000 to £21,000.

The improvement in liquidity was achieved despite capital spending of £0.2m. (£0.12m.) to expand manufacturing capacity. Mr. Crawford points out. Capital commitments at year end were £101,000 of which £93,000 has been authorised but not contracted.

Considerable effort was made to increase overseas business during the year and the machine tool division secured an order in the Middle East worth more than £1m. Currently the company is executing orders for many countries including Iran, Portugal and the U.S., he says.

# York Trailer forecasts £1.6m.

BASED UPON the continuance of present business tempo, Mr. F. W. Davies, chairman of York Trailer Company forecasts pre-tax profits of not less than £1.6m. for the current year. In 1976 profits recovered from £0.66m. to £1.19m. He says that 1977 is a year full of promise for the group. Exports and home sales are buoyant and new group products which came on the market last year are gaining both increased market shares and improved margins.

On the year under review Mr. Davies explains that it was a year of contrasts for the group, from stagnation in the first months to the exceptional backlog of unfilled orders nine months later. It was a year of extreme production difficulties, occasioned by soaring costs and severe shortages which combined to produce sub-standard gross profits, especially in container manufacturing.

The year was one of rebuilding a manufacturing capacity which had been necessarily shrunken by the depression which hit the commercial vehicle industry in the second half of 1975 and carried through into the early part of 1976. The rebuilding of capacity included, especially, the re-opening of the Corby plant.

Offsetting the manufacturing problems encountered in 1976, were excellent results from the group's national service company, York Truck Equipment, and York Technical Services. Earnings of the latter were especially aided by increased exports of York components which now command a steadily increasing market with other trailer manufacturers worldwide.

The most notable development for the groups in 1976 was the acquisition of Anthony Carrimore. This put the company firmly in the important field of hydraulic tippers and trailer dumps, with the certainty of substantial growth for the group as a consequence. This particularly applies to export and indeed, Anthony Carrimore sales are currently about 80 per cent. for overseas customers.

Sales to overseas customers last year accounted for close to 50 per cent. of the group's total sales and it is to international trade particularly that the directors look for accelerated growth—mainly by direct exports but also as an important supplement, local assembly and licensing agreements, with York container manufacturing in particular, already identified.

Most significantly, because of the cost advantages, the directors have concluded a licensing agreement in Korea, where a new purpose-built container plant is scheduled for operation before the end of this year in the vicinity of Seoul.

A breakdown of 1976 exports of £2.41m. (£1.78m.) in percentages shows Americas 13 (7), Europe (excluding USSR) 16 (13), Africa 26 (12), Scandinavia 4 (3), Asia 4 (same), Middle East 16 (22), USSR 20 (38) and others—1 (same).

Mr. Davies points out that with both Anthony Carrimore and Scammell being purchased with-out recourse to any additional financing, it is to be expected that the exceptionally high liquidity of a year ago does not apply at this time. Nevertheless, total borrowings are still within most acceptable limits—at not more than 50 per cent. of group net worth. A statement of source and application of funds shows a decrease in net liquid funds of £1.44m. (£2.47m. increase).

The ultimate holding company is Northants Investment, which has a 79 per cent. interest in York Transport Equipment (holding company), both incorporated in Ontario, Canada.

It is proposed to change the office name of the company to York Trailer Holdings. Meeting, Northampton, on May 24 at noon.

## Maxim's expands to peak £55,000

Restaurateurs Maxim's expanded taxable profit from £35,302 to a record £55,349 on sales better at £1.74m. against £1.33m. in 1976. Stated earnings per 25p share were more than doubled at 15.4p (7.2p). The gross dividend is lifted to 4.5p (4p) but holders have the option of receiving shares instead of cash for the dividend.

Tax took £27,876 (£12,651) leaving a net balance of £27,473 (£22,651) before an extraordinary credit of £5,498 (debit £2,593).

## Advance by Roberts Adlard

Builders merchants, Robert Adlard and Co. reports that for 1976 pre-tax profit advanced from £0.53m. to £0.85m. on turnover ahead from £6.46m. to £7.94m. Earnings per 25p share are shown to have risen from 10.48p to 12.76p and the dividend total is stepped up from 3.547p to 3.9075p with a final payment of 2.488p net.

After tax of £340,267 against £268,797 the net profit balance emerges at £208,713 compared with £251,945.


## Leda Trust

The directors of Leda Investment Trust have appointed Rivermoor Management Services (company), both incorporated in Ontario, Canada, as managers to the company in place of Ionian Bank.

The company's office has been moved to 44 Bloomsbury Square, W.C.

**THE NEW THROMORTON TRUST LTD.**  
Capital Loan Stock Valuation—3rd May, 1977  
The Net Asset Value per £1 of Capital Loan Stock is Nil.  
Securities valued at middle market prices.

This advertisement complies with the requirements of the Council of The Stock Exchange in London.



## United Biscuits (UK) Limited

Issue of U.S. \$30,000,000  
9 per cent. Bonds due 1989

Guaranteed by United Biscuits (Holdings) Limited

The issue price of the Bonds is 99.5 per cent. of their principal amount.

The following have agreed to subscribe or procure subscribers for the Bonds.

Morgan Grenfell & Co. Limited  
Kreditbank S.A. Luxembourgaise  
Swiss Bank Corporation (Overseas) Limited


The 30,000 Bonds of \$1,000 each constituting the above issue have been admitted to the Official List by the Council of The Stock Exchange.

Particulars of the Bonds and the Company are available in the statistical services of Exel Statistical Services Limited and may be obtained during usual business hours up to and including 18th May, 1977 from the brokers to the issue:

Rowe & Pitman, Hurst-Brown, City Gate House, 39/45 Finsbury Square, London, EC2A 1JA

Wood, Mackenzie & Co., 68/73 Queen Street, Edinburgh, EH2 4NS

# Which international construction company is the 3rd largest private housebuilder in the UK?



## Tarmac

The same company that manufactures and lays more roof waterproofing materials than any other in Europe.

The same company that has the largest production of blacktop for roads in the UK.

The same company that owns 100 quarries with reserves of 3000 million tonnes of stone.

The same company that, every day, is working on as many as 700 building and civil engineering contracts in the UK and around the world.

While Tarmac just means home to some, it's the diversity of our activities which gives us a unique strength in the construction industry.

**Big in construction. Rich in resources.**



# Reyrolle Parsons hopeful of similar results High liquidity at Eagle Star

IRRESPECTIVE of the uncertainties related to the turbine-generator industry, Sir James Woodson, chairman of Reyrolle Parsons, believes that the results of 1976 can be sustained in 1977 provided no major disruption of production occurs and costs are not violently increased.

The orders already in hand at the beginning of 1977 should ensure reasonable capacity working at most factories apart from the turbine-generator factory. There is, however, some capacity in the group which will be under-utilised and the extent of this will depend on the success of the drive to obtain orders for short-term delivery.

The steps taken to widen the range of products and markets should help in this connection. The outlook for 1978 will depend to a large extent upon the result of our sales efforts in 1977 and the achievements of the first quarter indicate that existing capacities and employment can generally be maintained, says the chairman.

There was a 27m improvement in the liquidity of the group. Net borrowing was £11.7m, £11.7m less than £23.4m in 1976. Additionally, long-term loans were reduced by £2.4m. Cash and bank balances rose by £1.67m (£46,000).

Apart from the turbine-generator company, the order intake of the group was very satisfactory. The lack of growth in the U.K. continued to affect home orders and of the total order intake 43 per cent came from overseas customers. Market conditions overseas remain difficult and there was intense competition for most major orders.

## Optimism at Brent Chemicals

In the future Brent Chemicals International sees excellent opportunities for continued growth in the long term. Mr. J. S. Jones, chairman, tells members in his annual statement.

The directors expect that competition will remain strong across the whole range of the company's activities but there is no shortage of opportunities.

With minor exceptions all units have achieved strong sales growth in the early months of 1977, and management accounts together with anticipated orders show sales and profitability significantly higher than in the corresponding period of 1976.

On March 29 it was reported "Inevitably, we are facing a run down in numbers employed but the severity and timing will depend upon whether or not we receive a home order soon," he adds.

The directors believe that the company's borrowing as a whole has been increased from £56.36m to £113.71m, and shareholders will be asked to amend the Articles of Association at the AGM at Newcastle upon Tyne on May 27. As reported on April 19, trading profit for 1976 improved from £7.43m to £10.73m—on a CCA basis this would be £3.1m.

At the pre-tax level the surplus in 1976 resulting from the holding rose sharply from £8.99m to £13.78m—exchange gains contributed £3.39m and other income £0.78m.

amounted to £76,000 (£0.11m). The group made important progress in broadening its range of products and strengthening its international organisation during 1976.

Overseas operations as a whole continued to grow more quickly than the U.K. business and the directors expect this trend to be maintained. Savilles Hydrological Corporation's business is at present almost entirely in the U.K. and its inclusion in the group has the temporary effect of enlarging the U.K. proportion at this stage of development.

Profitability expressed as a percentage of sales and of return on capital employed (after allowing for a full year's contribution from SHC) showed further improvement in 1976, while by the end of the year the group's indebtedness rose to a level which was more than covered by surplus cash balances.

Net liquid funds increased by £9.3m (£1.4m decrease).

Meeting, Hayes, Middlesex, May 26, noon.

## Lake View earnings expansion

In the year to March 31, 1977 total revenue of Lake View Investment Trust expanded £223,448 to £2,188,008 and the amount available to Ordinary holders rose from £770,965 to £1,039,547.

Assuming conversion of loan stock earnings per 25p share improved from 1.77p to 2.37p and the dividend total is lifted from 1.65p to 2.1p with a final payment of 1.45p net.

	1976-77	1975-76
Total income	1,128,006	1,754,528
Expenses and interest	35,833	50,279
Profit	1,092,173	1,704,249
Available for Divs.	1,039,547	770,965
Ordinary Divs.	907,878	711,238
Valuation of investments at end of year	£2,188,008	£1,964,560
March 31	£2,188,008	£1,964,560
Net current assets	£3m	£1.35m
Resources were	£32,97m	£31,08m
including investment	£13,08m	£12,37m
current premium of	£3,80m	£4,27m
Net asset value per	share assuming full conversion of the loan stock was 106.3p (100.6p)	including 100 per cent of investment currency premium of 13.7p (14.1p).

A HIGH LEVEL of liquidity was maintained by Eagle Star Insurance Company during 1976, with £72m deposited with first class U.K. institutions at the end of the year. The company also invested substantially in gilts and other fixed interest securities and in equities during the latter part of the year. The combined investment in these sectors amounting to more than £80m, accounted for some of the cash flow generated during the year of £130m, and the £36.8m proceeds of the rights issue.

The company last May purchased a portfolio of selected properties from English Property Corporation for a total value of £53.5m, met partly by the cancellation of debentures and in part by a cash payment of £33m. The resulting property portfolio in life and shareholders' funds now exceeds £130m—12 per cent of the company's total investments.

Sir Denis Mountain, the chairman, points out that the amount invested in mortgages in the U.K. fell during the year. The company was still continuing to seek to move this account towards soundly based industrial business, but high rates of inflation and Government borrowing requirements during the year led to high interest rates which were unacceptable to many commercial borrowers.

Premium income during the year increased by 25 per cent to £140m, with all department contributing to the rise. Sir Denis regards this rise as most satisfactory in view of the economic situation and severe competition particularly from overseas companies recently established in the U.K.

The fire account covering mainly industrial and commercial property continued to be profitable, but there was a loss of £2.8m—double that of 1976—on the "All-in" account reflecting not only the unprofitability of private houses through under-insurance, but the heavy incidence of subsidence claims as a result of the long dry summer. The return to profitability on this account will inevitably be slow but some improvement is expected in 1977.

The motor account broke even after promising to show a reasonable profit, but the last quarter of the year saw an increase in the incidence of claims from bad weather and road conditions.

Liability premium income showed a good increase, but the cost of personal injury claims continued to rise as a result of inflation. The company was getting more industrial disease claims which was having a significant effect on the account.

The improvement in the overall underwriting result of overseas business was masked by the fall in sterling in 1976, but this was compensated by a corresponding increase in the overseas investment income expressed in sterling terms. Australia had an improved underwriting result with a steady and progressive reduction in claims ratios resulting from the company's withdrawal from high risk and long tail business. Results in Belgium, however, deteriorated with rates being inadequate because of the tight control exercised by the authorities. There was an underwriting profit in France for the first time in many years and also a small profit in Holland where a motor account is being run off.

On the long-term business, premium income rose by £30m to £106m, and investment income by £10m to £58m. Claims and expenses fell slightly on the year so that there was a £8m increase in funds to £777m.

## Friends' Provident in gilts

The Friends' Provident Life Office invested heavily in the gilt market throughout 1976 at the expense of other forms of investment. Mr. E. W. Phillips, in his chairman's statement, reports that the company put £56.4m into gilts which took not only all the new money available totalling £47.2m but was also financed by net equity sales of £5.4m and net mortgage repayments of £7.1m. A small amount of investment was made in Debentures, £0.9m, and in property £2.4m.

Mr. Phillips states that at the beginning of last year the company was involved in a substantial switch from equities to gilts and for most of the year continued to invest in that sector. Around October, gilt purchases were stepped up when yields were particularly attractive. The company re-entered the equity market from the middle of the year in a small way. In the property portfolio, a number of new additions and a small number of sales at substantial profits. At the end of the year, gilts accounted for one-third of the overall portfolio which was valued at £582m, with equities accounting for a further quarter and property another 16 per cent.

Premium income in the long-term funds jumped last year by 18 per cent to £87.7m, and investment income by 31 per cent to £47.8m. Claims and expenses were nearly 25 per cent higher at £62.4m, and there was a £10m transfer to reserve to cover the lower value placed on the house mortgage portfolio in order to comply with the new insurance regulations.

The funds at the end of the year stood at £506m, compared with £448m at the start. The yield on the funds rose substantially during the year to 10.18 per cent from 8.86 per cent previously. Mr. Phillips expects a further modest rise in the current year.

Operations in Canada last year were successful and the company strengthened its organisation in Australia by amalgamating the long-term business of Phoenix Life Assurance Company of Australia with Friends' Provident's business in that territory. Since October, gilt purchases have entered into an arrangement to do a similar amalgamation with Equitable Life and General Insurance Company. These two amalgamations will lead to the re-structuring of life business in Australia.

and transport costs, for example — and cope with a labour situation which is not conducive to the enhancement of productivity. This latter question is not new and, indeed, much attention has been paid recently to the problem of the increased use of capital relative to labour in the production process, arising from both the various obstacles to the free use of black labour and its rising cost as wage rates have been increased progressively in recent years. The problem is apparent, but there are no simple solutions. If South African industry is to compete with the products of other countries, it must be part of the world in its development and technology. However, the extent to which local industry should move in this direction will be moderated by the relative abundance of indigenous labour and, without wishing to deny the value of fiscal incentives, one would hope that the future pattern of our industrial development will be basically determined by free market forces, allowing the fullest mobility and adaptation of the labour force to the long-term requirements of industrial expansion.

There may be some who, in the absence of an adequate flow of foreign capital, would opt for policies of far-reaching

## Fifth Record Year

**Profits up 31%  
Sales up 23%  
Exports up 71%**

Highlights from the 1976 Statement to shareholders by Mr. T.A. Maher, Chairman of Pentos.

"During 1976 there has been continued and substantial progress in pursuing all of the Group's major corporate objectives ...

Earnings per share, on a comparable basis, increased by 35% and ... over the past five years have multiplied more than twelve times ...

Return on shareholders' funds was 39%, which is twice the UK industrial average ...

Growth in net assets per share over the last five years has averaged 21% per annum, compared with a UK industrial average of 9% per annum ...

Our emphasis on strong asset management ... will mean that we can continue to finance real growth from our own resources in addition to ... providing an above average dividend income for shareholders ...

Several major successes ... in establishing strong product identity and market leadership ... sales of Halls aluminium greenhouses were 100% ahead ...

We plan to continue to build on our four basic businesses ... future prospects have never appeared brighter."

	1976	1975	1974	1973	1972
	£000	£000	£000	£000	£000
Profits	2,961	2,254	1,880	287	53
Total Sales	36,450	29,524	14,686	1,787	647
Exports	5,637	3,298	1,213	500	36

# Pentos

PUBLISHING & BOOKSELLING · BUILDING & CONSTRUCTION  
ENGINEERING · GARDEN & LEISURE PRODUCTS

Copies of the 1976 Report and Accounts are available from Pentos Limited,  
New Bond Street House, 1-5 New Bond Street, London W1T 1TL; Tel: 01-493 0366

# Anglo American Industrial Corporation Limited

(Incorporated in the Republic of South Africa)

## Extracts from the review by the Chairman Mr. G. W. H. Rely

The results of Amic for the year ended December 31 1976 are very satisfactory and evidence the inherent strength and spread of our underlying investments. The group's net equity earnings rose by five per cent to R23.95 million from R24.92 million in 1975. Earnings per share increased by 3.75 pence to 160 cents per share from 154.6 cents.

An unchanged interim dividend of 22 cents per share was paid and, with the slight increase in Amic's consolidated earnings for the year, the final dividend was increased to 43 cents per share, resulting in a total dividend for 1976 of 65 cents per share compared with 68 cents for 1975.

The market value of the group's listed investments fell by R72,000 at December 31 1976 to R56,08 million which reflects an appreciation of 10.57 per cent over book value of R50,72 million. Market values have declined since the year end and at April 12 1976, the market value stood at R53.52 million. Unlisted investments, including FSH, have been valued by the directors at R53.58 million compared with last year's figure of R33.94 million.

This time last year few could have doubted that 1976 was going to be a very difficult period for industry as the economy faced the consequences of adjusting domestic expenditure to a reduced level of real export earnings. The imperative need to reduce the rate of government spending in real terms was bound not only to constrain imports but to have unpleasant short-term effects on the demand for domestic production as well, while the concomitant impact on consumer spending, heightened as tax and price increases eroded disposable incomes, inevitably would restrain activity even further. This was accepted generally as a harsh but salutary prescription for restoring the country's finances and purging it of inflationary pressures, particularly as the prospects for a revival in export earnings were promising and, in themselves, should have provided the basis for a renewed cyclical upturn reasonably soon. However, what could not be anticipated were the profound implications of the June disturbances in Soweto and elsewhere, the sharp drop in the gold price at about that time and the political problems that continued to beset southern Africa.

Although the process of adjustment in economic terms commenced in the second half of 1976, with beneficial effects on the exchange rate and the current account of the balance of payments, confidence in the country's ability to surmount its problems had received a severe blow. This was manifested in a substantially increased outflow of short-term capital and growing difficulties in raising sufficient fresh funds to offset this and in reduced confidence internally. This has dampened consumer and investment spending even further and has led to the intensification of recessionary conditions, with the attendant consequences of falling profits, mounting unemployment and rising insolvencies.

Statistics are not available for the most recent months — during which the situation in manufacturing and construction has deteriorated — but the pattern during the past year is clear. For the first time since figures reflecting the physical volume of factory production have been published, the level of output actually declined albeit fractionally, over a calendar year, and was 0.3 per cent lower than in 1975. It is significant, but of course not unexpected, that output should have shifted to a perceptibly lower level in the

middle of the year after having grown at a reasonably encouraging rate during the last few months of 1975 and early part of 1976. This marked change, reflected also in significantly greater unutilised capacity, was largely the result of the more conservative 1976/77 Budget, with its provisions for a cut-back in government spending beginning to take effect from the third quarter and having a severe impact, particularly on the construction industry. Tax increases reduced personal incomes and contributed to the levelling off in demand for a wide spectrum of manufactured products.

Cost pressures on the manufacturing industry intensified during the past year. Although the rate of increase in average wages declined sharply, the combination of a still higher level of wages and stagnant output meant that wages per unit of production continued to rise, while output per man-hour declined. Furthermore, wholesale prices of goods used by industry rose at a rapid rate, reflecting, to some degree, earlier increases in the prices of imported goods. These twin cost pressures, together with a poor productivity performance and the limitations on price increases imposed by market conditions and by the

economic control. However, these would tend to foster uneconomic areas of production and would soon prove to be inflationary and self-defeating.

A more realistic approach to these serious problems is needed. Growth is necessary for the very survival of our socio-economic system, and we shall have to look to the urban industrial areas to provide its main impetus. It is essential that the economy be freed from restrictions on labour mobility, housing, training and utilisation, while wage advances must be related more closely to productivity gains. These measures in themselves should help to restore foreign confidence and the inflow of capital and associated technical skills which are indispensable for balanced industrial progress in South Africa.

Although the rate of Amic's growth slowed in 1976, earnings nevertheless increased by R2.03 million in a period when many other companies have reflected substantial profit declines in line with the generally depressed economic conditions. The outlook for the future is overshadowed by the interaction of political and economic factors and it appears that any resurgence of growth or renewal of confidence during 1977 will depend primarily on political initiative. In these circumstances Amic may find it difficult to maintain its earnings at current levels.

	1976	1975	1974
	R000's	R000's	R000's
Capital and reserves	288 885	263 072	216 006
Listed investments			
Book value	50 719	47 577	50 099
Market value	56 080	56 152	49 308
Unlisted investments			
Book value	45 892	23 314	19 630
Directors' valuation	53 578	33 839	28 159
Other assets, net	182 294	191 551	146 277
Equity earnings*	28 949	28 924	28 924
per ordinary share*	160.0 cents	154.6 cents	118.3 cents
Dividends	17 370	16 672	14 072
per ordinary share	65 cents	63 cents	57.5 cents
Number of shares in issue	28 545 447	26 460 639	24 473 751

\* Excludes surplus 1974, deficit on reallocation of investments, amounts written off loans and unlisted investments, less recoveries, and currency surpluses or deficits.

anti-inflation campaign, produced an adverse trend in profits and in some instances necessitated the laying-off of workers. Profits in terms of current prices for 1976 were about eight per cent above those in 1975, implying negative growth in real terms. It is not surprising, therefore, that real fixed investment in private manufacturing has declined for some time.

The picture is not a happy one and immediate prospects for a revival in the level of industrial activity and employment are not reassuring, although higher exports could make a useful contribution towards alleviating the situation and initiating a sustained advance in this field. Yet, essential as exploitation of the country's export potential may be, the domestic market must still provide the source of industry's long-term viability and ability to provide employment for the country's expanding labour force. In this respect South African industrialists are in an unenviable position. On the one hand demand has to be suppressed because of the country's straitened financial circumstances which, were it not for the present political context, should by this stage of the cycle be showing signs of improvement. On the other hand, industry has to absorb cost increases which are also related to the same difficult circumstances — one has only to think of power

and transport costs, for example — and cope with a labour situation which is not conducive to the enhancement of productivity. This latter question is not new and, indeed, much attention has been paid recently to the problem of the increased use of capital relative to labour in the production process, arising from both the various obstacles to the free use of black labour and its rising cost as wage rates have been increased progressively in recent years. The problem is apparent, but there are no simple solutions. If South African industry is to compete with the products of other countries, it must be part of the world in its development and technology. However, the extent to which local industry should move in this direction will be moderated by the relative abundance of indigenous labour and, without wishing to deny the value of fiscal incentives, one would hope that the future pattern of our industrial development will be basically determined by free market forces, allowing the fullest mobility and adaptation of the labour force to the long-term requirements of industrial expansion.

There may be some who, in the absence of an adequate flow of foreign capital, would opt for policies of far-reaching

## J. Halstead holds profit at midway

A marginal improvement in taxable profit from a depressed £79,842 to £82,371 is shown by James Halstead (Holdings) for the half year to December 31, 1976. Sales by the company, which makes plastic floor tiles, mouldings, waterproof clothing etc. were £1.33m, better at £7.1m.

Again no interim dividend is being paid for the year, the single payment of 0.25p net per 10p share was paid from profit of £0.33m.

Because of stock relief available there was no corporation tax liability arising out of trading in the first six months.

	Half year	1976	1975
Sales	1,330,000	1,792,247	1,724,247
Operating profit	44,673	13,250	13,250
Taxation	18,829	5,339	5,339
Expanded credit	1,330,000	1,792,247	1,724,247
Ordinary div.	1,330,000	1,792,247	1,724,247
Retained	44,673	5,339	5,339

## Dollar Land position

Argument concerning the final form of last year's New York judgment on litigation is still going on under the Court supervision. Dollar Land Holdings said last night.

In a letter to shareholders, Mr. Hugh Brackett, chairman of Dollar Land, said the delay was disappointing but the matter was vital to the interests of shareholders. These were being given constant and active attention by the Boards of both the U.K. company and the Dollar Land Corporation of Canada.

Mr. Brackett also announced that Mr. L. K. Bolderson has been appointed a director of the company, said that the preparation of accounts for 1976 was proceeding satisfactorily, although the continuing uncertainty in regard to litigation was creating difficulties. Steps, however, were being taken to prevent the danger of this causing undue delay.

The 13th annual general meeting of Anglo American Industrial Corporation Limited will be held in Johannesburg on Wednesday, June 1st, 1977.

Copies of this review, with the annual report, are obtainable from the London office of the Company at 40 Holborn Viaduct, EC1P 1AJ, or from the transfer secretaries, Charter Consolidated Limited, P.O. Box 102, Charter House, Park Street, Ashford, Kent TN24 8EQ.

## General Investors and Trustees, Limited

Extracts from the Report and Accounts and the Statement of the Chairman, Mr. R. H. Wethered

	1977	1976
Total consolidated revenue	£1,474,015	£1,043,810
Consolidated net revenue before taxation	£947,555	£655,324
Earned on ordinary capital	3,59p	2,92p
Dividends on ordinary capital	3.40p	2.80p
Valuation of investments	£21,097,503	£21,172,542
Freehold property in Great Britain and Australia	£864,497	£973,328
Freehold land held for trading in Australia	£1,157,140	£1,246,279
Investments in Great Britain	56.36%	56.98%
Investments in companies outside Great Britain	43.64%	43.02%
Net asset value per share	117p	123½p

Dividends: A final dividend of 2.00p per share is recommended making a total of 3.40p per share for the year against 2.80p for 1976. This is an increase of 21.4%.

North Sea Investments: Approximately £1.3m is at present invested in non-income producing securities largely connected with the North Sea and particularly the Ninian Field.

Freehold Land in Australia: Our Australian subsidiary, Gold Estates, had a good year, contributing £154,000 to our gross revenue. It is anticipated that over the next two years substantial progress will be made in the development of our property interests and land sales.

Copies of the Report and Accounts may be obtained from the Secretary.

The Foreign and Colonial Investment Trust Co. Ltd.  
General Investors and Trustees, Ltd.  
F. & C. Eurotrust Ltd.  
Centenary Fund S.A.

The Cardinal Investment Trust Ltd.  
Alliance Investment Co. Ltd.  
Foreign and National Investment Fund  
Anglo-Nippon Exempt Fund

1/2 Laurence Pountney Hill, London EC4R 0BA  
Telephone No.: 01-823 4680

## Fairbairn Lawson Group

ENGINEERING, PACKAGING AND OFFICE FURNITURE

### Profit up 160% to over £1m

	Year to 30.12.76	Year to 1.1.76
Turnover	£900	£700
Pre-tax Profit	12,740	10,190
Taxation	1,075	411
Attributable profit	459	124
Earnings per share	584	286
Dividends—Ordinary shares	9.55p	5.37p
	2.6p	1.79p

Points from Sir John Lawson's Annual Review:

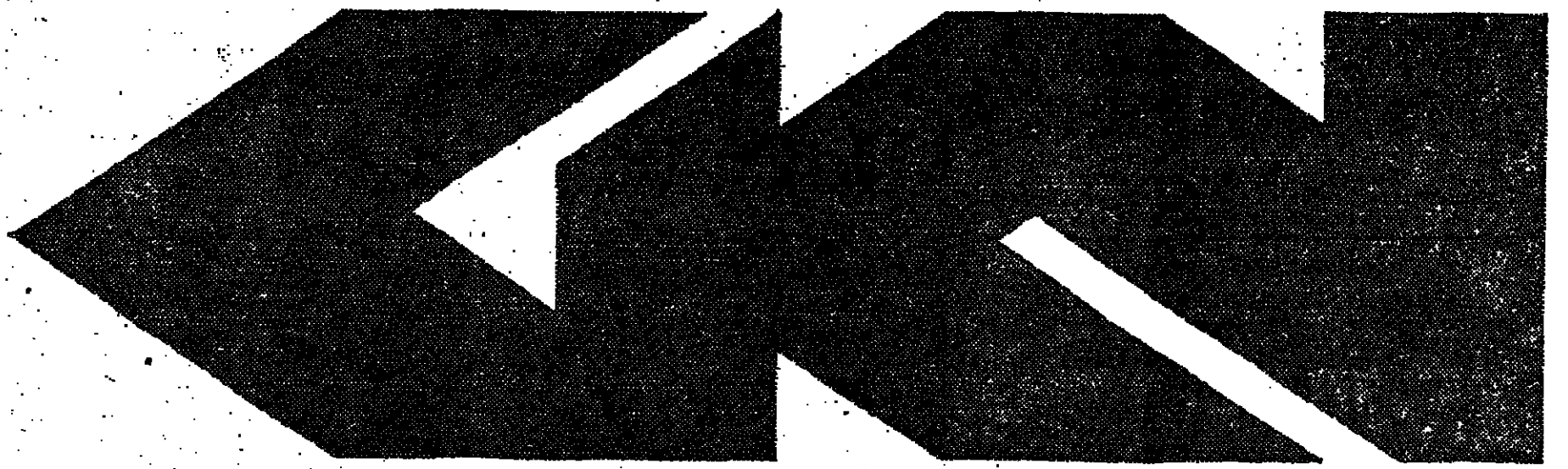
- \* A memorable year in the Company's history.
- \* One-for-four scrip issue proposed.
- \* Increased exports accounted for 55% of turnover.
- \* Acquisitions are actively being sought in the UK and overseas.
- \* Liquidity is satisfactory and the Company's progress should continue this year.

Copies of the Report and Accounts available from the Secretary, Fairbairn Lawson Limited, P.O. Box 32, Wellington House, Leeds LS1 1JL.

copy 100 1/2 50



July 1975



# 'We are in good trim to meet any changing circumstances'

'We have, in spite of the financial pressures on us, invested more capital than ever before and certainly more than many other comparable technically orientated concerns.

In 1976 we spent £50 million in the United Kingdom and a further £17 million overseas. This investment was made even though large sectors of UK capacity remained under-utilised.

This expenditure, together with our longer-term plans and our current capital commitments, are clear signs of our confidence and our readiness to deal with the future, whatever form it may take.

We have shown our flexibility before and we are in good trim now to meet any changing circumstances.

Group sales for the year are expected to show some increase in volume on those of 1976 and this should enable benefits from the considerable expenditure on modernisation and replacement in recent years to be reflected in profits.'

Barrie Heath  
Group Chairman

## OUR RESULTS IN 1976

	1976 £ millions	1975 £ millions
Total Group sales	1501.2	1214.2
Of which sales by overseas companies were	483.1	359.7
Exports from the UK (goods and services)	203.4	143.8
Profit before tax	97.8	69.7
Dividends	15.7	14.3
Earnings per share		
- on earnings of the year	24.8p	16.8p
- on earnings prior to additional depreciation	37.6p	30.3p

Cash flow from operations	135.7	108.6
Total depreciation allocated to replace plant and other assets	47.6	41.9
Profits retained in the business	14.6	4.6

Total net assets employed	907.8	751.6
Capital expenditure	67.1	63.6
Spending authorised for capital investment	83.0	49.0

## OUR WORLDWIDE INTERESTS

GKN is the largest user of steel in the UK and one of the world's largest engineering groups, employing 108,000 people, 34,000 of them overseas. In ten years we have built up a substantial business in Continental Europe - with sales last year of £346 million, only

£10 million less than GKN's total worldwide sales in 1966. We manufacture also in Australasia, India, southern Africa and North & South America. The Group's various trading operations and 1976 trading results are briefly as follows:-

### AUTOMOTIVE COMPONENTS

Sales £639 million  
Trading surplus £52 million  
We are one of the largest suppliers to the world automotive industries. Our products include drive and propeller shafts, axles, clutches, crankshafts, universal and cv joints, tractor and truck cabs, bumpers, chassis frames, wheels, bearings, camshafts, connecting rods, valve rockers, push rods, fasteners, etc.

There was an increase in both value and volume of sales in the United Kingdom. We are one of the largest suppliers of components for front wheel drive vehicles from factories in UK and Europe, and there was a substantial uplift in sales in 1976 - output is being expanded and current negotiations may lead to manufacturing in North America.

### PRIMARY METAL PRODUCTS

Sales £275 million  
Trading surplus £23 million  
Production of alloy and carbon steels, mostly supplied to other Group companies for forging into components and for re-rolling and processing into bars, strip, section and wire rod; re-rolled and right steel products; aluminium smelting.

Some 425,000 tonnes of steel were produced at our Brymbo works which, apart from the blast furnace, operated at 100% activity levels. More than 20% of its external sales were in the export markets despite a worldwide steel industry recession. A 400,000 tonnes per annum steelworks and a 600,000 tonnes per annum rod mill were opened in Cardiff by HRH The Prince of Wales in February 1977.

### GENERAL AND CIVIL ENGINEERING PRODUCTS & SERVICES

Sales £475 million  
Trading surplus £15 million  
We are one of the leading fastener manufacturers in the world. We make welding equipment, plastics machinery, furnaces, steel laminations, tubular welding fittings, extruded aluminium products and filtration equipment. Construction services include foundations, reinforcements, scaffolding, formwork, central



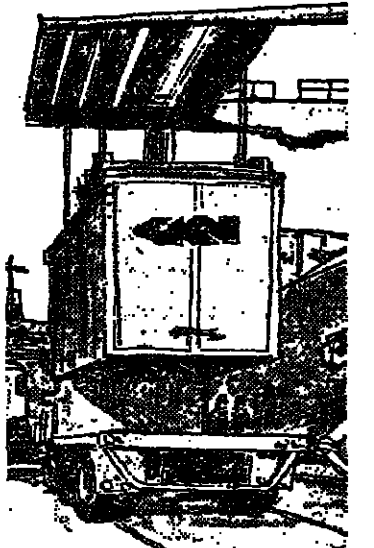
heating, air conditioning, locks, hinges and builders' hardware. We act as main contractors for 'turn-key' projects and execute contracts for plant and factories using Group 'know-how'.

Operations in fasteners, welding equipment and plastics machinery were adversely affected by depression in many countries. Trading conditions for construction industry supplies and electrical products were also difficult but sales of welding fittings and aluminium extrusions were improved. The major contract for the modernisation of airfields in Zaire neared completion, and we won a significant new contract to supply Poland with a plant to manufacture bearings.

### WHOLESALE AND INDUSTRIAL DISTRIBUTION

Sales £294 million  
Trading surplus £18 million  
GKN has one of the principal steel stockholding and fastener and hardware distributing organisations in the United Kingdom with subsidiary activities in Europe. This includes flat rolled, stainless, tube, profile and general steel; automotive accessories and parts; fasteners, tools and hardware. We operate a national pallet hire pool and we provide vending machines and services.

Demand for steel products, tools, and hardware was better but not buoyant. There was a significant growth in automotive accessories and parts sales through the 'cash and carry' business but the volume of fastener sales was down. The GKN-Chep pallet hire pool made substantial progress serving many major food and grocery companies.



**GUEST KEEN AND NETTLEFOLDS LTD**  
BRITAIN'S LARGEST INTERNATIONAL ENGINEERING GROUP

If you would like a copy of the 1976 Annual Report please write to:-  
Guest Keen & Nettlefolds Limited,  
Group Headquarters,  
P.O. Box 55, Smethwick, Warley,  
West Midlands B66 2RZ  
Tel: 021-558 3131. Telex: 336321  
OR  
GKN House, 22 Kingsway,  
London WC2B 6LG  
Tel: 01-242 1616. Telex: 24911















1.6bn month

NATIONAL ENTERPRISE BOARD'S FIRST REPORT

Ryder states case for intervention

A FUTURE of expanding interest in the controversial role of industrial reorganisation, combined with new initiatives as a central instrument of industrial policy, are set out in the National Enterprise Board's first report and accounts published yesterday.

Lord Ryder, chairman of the Board, makes a hard-hitting case for intervention in certain situations. The reports of the working parties set up by the National Economic Development Council have been followed by discussions with some of the companies involved to identify where the Board could help, he says.

Three main roles

THE BOARD had three main roles, Lord Ryder says in his statement. First, it was "a provider of funds for industrial investment, alongside the existing sources of finance in the private sector."

Holdings show hopeful signs

Although the report contains no detailed adjustment for inflation accounting, it says that a broad estimate has been made of the effects of applying the current cost method. On this basis, there would have been an overall loss for the period of £100m. instead of the £51m. profit.

Investment in line with Government's industrial strategy

IN A FURTHER explanation of the Board's aims and functions, the report describes the guidance it has had from the Secretary for Industry in making its investments accord with Government's industrial strategy. The Board was asked to concentrate on:

Minor stakes held in six companies

PART FROM those companies which the Board has a major stake, six associated companies contributed to the results last year. These are: Agema-Parke: There is a 30 per cent stake in this manufacturer of spark erosion machines which made a £0.01m. loss last year.

Turnover

Turnover of the Board and its subsidiaries was £2.8bn, including exports of £1bn. Employees totalled 278,274 of whom 250,502 were based in the U.K. The investments produced a return on capital employed of 11.8 per cent—a figure which would go up to 14.7 per cent if the investments in British Leyland and Rolls-Royce which the Board was asked to

Turning point

4. Herbert: The machine tool company's turnover from a loss of £13.4m. to a profit of £0.7m. last year is described by the NEB as "a significant turning point after five years of heavy and increasing losses." Production was almost exactly on plan because of the stock-building facility provided by the Board and attention has been given to "improving the efficiency of production, establishing firm control on working capital and of cash resources."

Table with 4 columns: Company, British Leyland, Ferranti, Herbert, Rolls-Royce. Rows include Profit and Loss Accounts, Operating profit, Interest payable, etc.

ENTERTAINMENTS (Cont) THEATRES CINEMAS ART GALLERIES CLUBS

The Republic of Venezuela \$1,200,000,000 Medium-term Loan with Banco Central de Venezuela as fiscal agent for the Republic



INTERNATIONAL FINANCIAL AND COMPANY NEWS

BMW to raise DM66m.

By Adrian Dicks
BONN, May 3.
BAYERISCHE Motoren Werke (BMW), the Munich-based car and motorcycle manufacturer, will propose to its July 7 annual shareholders' meeting a rise in the dividend for 1976 from DM9 to DM10 per DM50 share, and a DM66m. capital increase, taking the company's nominal capital up to DM396m.

SEL reports a steady recovery from recession

BY GUY HAWTIN
FRANKFURT, May 3.
PROSPECTIVE PURCHASERS of Standard Elektrik Lorenz (SEL) shares have had their first preview of prospects for 1977. A million shares in SEL—a West German subsidiary of the U.S. conglomerate International Telephone and Telegraph—are to be offered to the public through the Federal Republic's stock exchanges on Thursday at a price of DM300 per DM50 nominal share.

AMERICAN NEWS

Car rentals anti-trust suit

BY STEWART FLEMING
NEW YORK, May 3.
BUDGET Rent-A-Car, the fourth largest of the U.S. car rental groups, with an estimated 10 per cent. of the market, has launched an anti-trust suit against the three companies that dominate the market—Hertz, Avis and National Car Rental. The three leaders have an estimated 40 per cent. of the market respectively.

Confidence in Varta upturn

BY OUR OWN CORRESPONDENT
FRANKFURT, May 3.
VARTA, a major industrial holding of the Quandt group, has just reported that earnings rose a major turn for the better last year. Furthermore, its management believe that things will go at least as well this year.

Boeing optimistic on sales outlook

BOEING COMPANY expects sales in the remaining quarters of the year to be "substantially above" those for the first quarter, and over the year to reach a level somewhat above the \$3.9bn. level of 1976.

Earnings higher at Lockheed

LOCKHEED AIRCRAFT Corporation has announced earnings of \$12.1m. in the first months of 1977, compared with \$10.9m. in the same period last year, reports the company.

Table with 4 columns: KERR MCGEE CORP., EMBART CORPORATION, TEXAS EASTERN CORP., COCA COLA CO. Each column contains financial data for 1977 and 1976.

Higher profits expected by Petrofina

BRUSSELS, May 3.
PETROFINA S.A. expects a considerable profit rise in 1977 from 1976 as a result of higher North Sea crude oil and natural gas production, the Belgian oil company said in its annual report distributed on Monday.

Romania gets lower spread

By Francis Ghilès
CREDIT LYONNAIS is lead manager of an international group of mostly French banks which will lend Romania \$75m for seven years at a split rate of 11 per cent. over Libor for the first four years and 14 per cent. over Libor for the last three.

EUROBONDS Weaker trend shown in dollar sector

BY MARY CAMPBELL
THE U.S. DOLLAR sector of the market has weakened perceptibly in the last few days with some off-loading evident, dealers report. "It's crying uncle" is the way one dealer put it.

Interest in Canadian package

By Pauline Clark
STRONG EUROPEAN interest was reported yesterday for the week's new \$300m. bond package for the Canadian Government. Issued in three tranches with maturities of three, five years and 20 years, the bonds were said to have been fully subscribed and managed more or less to maintain their issue price in early trading.

Danish tax move
IT IS expected that the Danish government will drop a plan to put a coupon tax on bonds.

Banco de Bilbao. The Spanish bank with the greatest international experience. Results for 1976.

Table with 4 columns: 1975, 1976, Increase, % Increase. Rows include Capital & Reserves, Deposits, Loans, Investments Portfolio, Net Profit, Profit Available for Distribution, Net Dividend per Share, Number of Branches, Number of Shareholders.

THE ROYAL BANK OF CANADA 9% Debentures. To be dated June 1, 1977. To mature June 1, 1987. Price: 100 and accrued interest. Lists various financial institutions as dealers.

Handwritten note: 100/100 15/50



JPY 10 1:50

INTERNATIONAL FINANCIAL AND COMPANY NEWS

VMF-Stork accuses Government of delay

BY MICHAEL VAN OS AMSTERDAM, May 3. AFTER the losses incurred in 1976, the 1977 results of VMF-Stork, Holland's largest industrial engineering group, will depend to an "important degree" on the restructuring programme started last year.

Ericsson sales rose 14% in 1976

STOCKHOLM, May 3. SALES OF L. M. Ericsson's Swedish telecommunications group during 1976 rose by 14 per cent to Kr.7.21bn. compared with the previous year.

FOREIGN BANKS IN JAPAN BOJ teams move in

BY CHARLES SMITH, FAR EAST EDITOR THE BANK OF JAPAN, which has long exercised a degree of supervision over the lending policies of Japanese commercial banks, is starting what it calls "consultations" with foreign banks in Tokyo which can and probably will include advice on how the banks should conduct their business.

Triomf report unhelpful

By Our Own Correspondent JOHANNESBURG, May 3. THE OVERDUE annual report of Triomf Fertiliser Investments, the very highly geared fertiliser group which has recently completed construction of an ambitious R100m. phosphoric acid factory at the new port of Richards Bay, has been used by its ebullient chairman, Mr. Louis Luyt, as a base for a virulent attack on Government interference in private enterprise.

Swiss franc rate hits Interfood results

BY JOHN WICKS ZURICH, May 2. GROUP TURNOVER of Interfood S.A., Lausanne, a holding company whose main participations are the Suchard and Tobler chocolate and confectionery concerns, showed a slight decline of 0.3 per cent in 1976.

SPRINGER AND SCHUH the Swiss electric engineering concern, reported a rise in turnover by 5.2 per cent last year to Sw.Frs.1.12bn.

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We are present in the most important sectors of Spanish industry

The Instituto Nacional de Industria, Spanish Industrial Holding, known as INI, is one of the fundamental bases underlying Spanish industrial expansion, which has attained rapid advance in a developing country.

The INI participates directly in 64 companies and, through these, in over 200. In 1976, sales turnover amounted to 10 billion dollars, with exports of over 1.7 billion dollars.

At this time, there are very few industrial activities in which the INI is not involved.

The investments in 1976 did show the figure of 1.6 billion dollars. Those foreseen for 1977 do exceed that of 2 billion dollars.

The investment programme scheduled for four-year 1977-1980 will be distributed in the following manner: Energy 70%, Siderurgy 8%, Transformation 9%, Transportation 5%, Chemicals 4%, Foodstuffs 2%, Servicing 2%.

The amortizations during the 1976 course have exceeded the 560 million dollars.

The INI is present in oil prospecting and refining; the petrochemical industry; the production, transport and distribution of gas and electricity; automobile and transport vehicle industries; shipbuilding and the construction of railway equipment; the manufacture of capital goods: the aeronautical and electronic industries; the production of fertilizers, cellulose and paper; in armament manufacture and defense industries; the production of steel and aluminum; the mining of coal and other products of national interest; the food industry and air transport. And everywhere it co-operates with private enterprise in the development of the country.

The INI has extended its activities outside Spain, not only by exporting goods which amount to over 17% of the national total, but also by investing and exchanging technology and experience. All this converts it into the most important Spanish industrial corporation and places it amongst the main European industrial groups.

Petroleum and Petrochemicals. INI invests directly in petroleum exploration inside the country some 20 million dollars. HISPANOIL, in petroleum exploration abroad, more than 50 million dollars yearly.

Gas. BUTANO distributes 100% of the domestic and industrial consumption of butane and propane. ENAGAS is responsible for the introduction of natural gas in Spain on a wide scale.

Electric Power. Companies of the group produce 16% of the Spain's electric power.

Trucks and Buses. ENASA does manufacture the 34% of the national total of Heavy Duty Trucks and Buses.

Automobiles. SEAT makes half of the national production of tourist cars.

Shipbuilding. BAZAN a firm specialized in the military naval shipbuilding. AESA and ASTANO are devoted to the shipbuilding in general and do represent the greatest Spanish investment in this field.

Industrial Equipment. INI participates in companies such as LA MAQUINISTA, which builds turbines, railway material and other large mechanical transformations.

Air Transport. The companies IBERIA for international and domestic air transport, and AVIACO, fundamentally dedicated to "charter" traffic transport. Respectively 10.6 and 2.0 million passengers are handled annually.

Fertilizers. ENFERSA produce 39% of the nitrogenous fertilizers in the country.

Paper Pulp and Paper. 46% of the wood chemical cellulosic pulp made in Spain is produced by ENCE.

Mining. ADARO is the company in Spain considered the most important for mining prospecting and engineering and the various companies of the group produce the 52% of the coal, 41% of the lignite, and the 37% of the potash mined nationally.

Metal and Steel Industry. ENSIDESA, the largest steel mill in the country, produces 46% of Spain's steel and ENADASA the 58% of her aluminum. AESA is the greatest producer of forging and heavy casting.

Engineering and Consulting. INITEC is in fact the most important company of the Spanish groups in its field, carrying out studies and projects in various countries as well as projects on key at hand.

Optics. ENOSA makes precision optical and educational material.

Other Sectors. INI also participates in the fields of FOOD PRODUCTS with meat industries as well as canned fish and vegetable industries. DATA PROCESSING (hardware and software). WEAPONS (production and research with the most up-to-date technology). HOTELS, including historical buildings of unique architectural value converted into magnificent hotels. CRAFTSMANSHIP, in which ARTESPANA promotes and sells at both national and international level the rich Spanish craftsmanship. INI is a shareholder of the BANCO EXTERIOR DE ESPANA, which deals mainly in foreign trade, of the BANCO ARABE-ESPAÑOL and in various companies with investments in foreign countries, for which reason INI can be considered as the most important Spanish multinational Corporation.

For further information please contact its Directors who will inform you about who can do business with the largest Spanish industrial corporation and how it can be done.

Israeli banks debentures plan

BY L. DANIEL TEL AVIV, May 2. AFTER THE decline in public interest in domestic index-linked bonds and the rise in demand for the securities dollar, used for investment in foreign stock markets, Israel's big banks are preparing to issue dollar-linked debentures.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

Table with columns for bond types (e.g., Australia, Canada, France, Germany, Italy, Japan, UK, etc.) and their corresponding prices and yields.

INI SPAIN logo and contact information for Instituto Nacional de Industria, including address, telephone numbers, and website information.



# Further 2.97 rise in Fed statement + OVERSEAS MARKETS + FOREIGN EXCHANGES

BY OUR WALL STREET CORRESPONDENT

FURTHER SMALL gains were at 232, tentatively agreed to score in active trading on Wall Street to-day, as traders responded favourably to the Federal Reserve Board's move to control inflation.

The Dow Jones Industrial Average moved up another 2.97 to 232.10 and the NYSE All Common Index rose a further 2.97 to 232.10, while gains led losses by a vote-to-one majority. Trading volume expanded 3.98m. shares to 21,550.

Dr. Arthur Burns, chairman of the Federal Reserve Board, assured investors this morning of the Fed's commitment to control inflation by restraining money supply expansion.

Dr. Burns told Congress the Fed had slightly tightened its targets for the growth rates of the broader money supply aggregates—M2 and M3—while leaving

Raymond International declined \$1 to \$211 on sharply lower first quarter net earnings.

National Medical Care rose \$1 to \$181 on higher first quarter net earnings.

Babeo Wilcox advanced \$2 to \$451, J. Ray McDermott was reported a major buyer of Babeo Wilcox shares.

Domestic and International Oils continued firm. Texas Oil and Gas was up \$1 to \$277. APCO was up \$1 to \$252. Exxon \$1 to \$252. Standard Oil of California \$1 to \$242.

Chrysler gained \$1 to \$181 on its quarterly dividend of 23 (15) cents a share. General Motors was up \$1 to \$89.

RCA added \$1 to \$301, it expects higher second quarter and full year results.

THE AMERICAN SE Market Value Index moved up 0.25 to 113.05, while the trading volume expanded to 2.71m. (2,320m) shares.

Great Basin Petroleum were up \$1 to \$81 on 100,000 shares. Total Petroleum of North America \$1 to \$71 on 65,000 shares and Austral Oil \$1 to \$24 on 59,100 shares.

Other active unchanged. Texaco, the most active issue, formed a trading block of 100,000 shares each and one block of 200,000 shares.

Hughes and Hatcher moved ahead \$2 to \$101—Outlet, up \$1

Canada up again CANADIAN STOCK markets also gained further ground in light

trading yesterday, although the close was below the best.

The Gold Share Index put on 10.8 to 1050.4. Oil and Gas 4.9 to 1105.0. Utilities 0.61 to 148.53. Banks 0.45 to 218.11 and Papers 0.19 to 105.94. But Metals and Minerals gave way 1.7 to 1100.7.

Cominco lost \$1 to \$35 and Ranger Continental declined \$1 to \$121. LNCO slipped \$1 to \$299 and Noranda Mines dipped \$1 to \$301.

But Goodyear Canada put on \$1 to \$141, as did Ford Motor of Canada to \$94 and Alcan. Natural Gas to \$352. Westcoast Transmission rose \$1 to \$301.

PARIS—Higher on balance, encouraged by the stronger trend on Wall Street.

Banks, Hotels and Electricals gained ground, while Foods, Stores, Engineering and Oils were mixed. Investments, Portfolios, Motors and Constructions eased.

U.S. issues were strong, led by General Motors and Phillips Petroleum. Other Motor was generally DM2 to 251.

Leading Chemicals and Electricals were steady. Philips rose on up to DM1.50, led by Dreesler at 238.5.

Engineering and Steels tended lower, with MAN falling DM1.70 to 185 and Mannesmann DM2.20 to 176.5.

Klockner Werk rose DM1 to 106, despite forecasting further losses this year. Kanthal fell unchanged at DM22.50.

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State Loans were steady. BRUSSELS—Mixed after another quiet trading.

Steels were mostly lower. In firm Utilities, Ebas rose B.Fr.25 to 2,235. Declines predominated in Non-Ferrous Metals. Vieille Montagne fell B.Fr.125 to 2,630 and Asturienne were off B.Fr.12 to 325.

Oils firmed, but Chemicals were lower and Holdings eased.

Among mixed Internationals, U.S. stocks were mostly higher.

SPAIN—Most major stocks were easier on light selling. Galerias Preciado rose under pressure and fell 9 to a new low of 226.

GERMANY—Mixed trend. Activity centred on VW which gained another DM2.50 to 175.7. Other Motors were generally DM2 to 251.

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Public Authority Bonds gained 1/2 to DM0.30, although some shed up to DM0.15. The Regulatory Authorities sold DM3.2m nominal stock. The Federal Railway Loan was quoted among

financial Minings followed protracted trading. Diamonds De Beers gained 1/4 to R432 and Anamint R1 to R42.

Coppers and Platinum were little changed, while other Minerals advanced in places. Industrials moved up in quiet dealings.

AUSTRALIA—Generally higher, led by Coals and Uraniums. Westfield uranium rose to \$2.90, while Robe River eased 1 cent to \$41.05.

Banks were in demand. TNT gained 3 cents to \$41.30 on its results.

Notes: Overseas prices shown below exclude a premium. Separate dividends are shown where applicable. D.M. 100 = 100.00. U.S. \$ 100 = 100.00. U.K. £ 100 = 100.00. U.S. \$ 100 = 100.00. U.K. £ 100 = 100.00.

Investment premium (based on \$2.60 per £1—121 1/2%)

Stock	May 3	May 2	May 1	Apr. 29	Apr. 28	Apr. 27	Apr. 26	Apr. 25	Apr. 24	Apr. 23	Apr. 22	Apr. 21	Apr. 20	Apr. 19	Apr. 18	Apr. 17	Apr. 16	Apr. 15	Apr. 14	Apr. 13	Apr. 12	Apr. 11	Apr. 10	Apr. 9	Apr. 8	Apr. 7	Apr. 6	Apr. 5	Apr. 4	Apr. 3	Apr. 2	Apr. 1																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																											
Industrial	232.10	231.13	230.16	229.19	228.22	227.25	226.28	225.31	224.34	223.37	222.40	221.43	220.46	219.49	218.52	217.55	216.58	215.61	214.64	213.67	212.70	211.73	210.76	209.79	208.82	207.85	206.88	205.91	204.94	203.97	203.00	202.03	201.06	200.09	199.12	198.15	197.18	196.21	195.24	194.27	193.30	192.33	191.36	190.39	189.42	188.45	187.48	186.51	185.54	184.57	183.60	182.63	181.66	180.69	179.72	178.75	177.78	176.81	175.84	174.87	173.90	172.93	171.96	170.99	170.02	169.05	168.08	167.11	166.14	165.17	164.20	163.23	162.26	161.29	160.32	159.35	158.38	157.41	156.44	155.47	154.50	153.53	152.56	151.59	150.62	149.65	148.68	147.71	146.74	145.77	144.80	143.83	142.86	141.89	140.92	139.95	138.98	138.01	137.04	136.07	135.10	134.13	133.16	132.19	131.22	130.25	129.28	128.31	127.34	126.37	125.40	124.43	123.46	122.49	121.52	120.55	119.58	118.61	117.64	116.67	115.70	114.73	113.76	112.79	111.82	110.85	109.88	108.91	107.94	106.97	106.00	105.03	104.06	103.09	102.12	101.15	100.18	99.21	98.24	97.27	96.30	95.33	94.36	93.39	92.42	91.45	90.48	89.51	88.54	87.57	86.60	85.63	84.66	83.69	82.72	81.75	80.78	79.81	78.84	77.87	76.90	75.93	74.96	73.99	73.02	72.05	71.08	70.11	69.14	68.17	67.20	66.23	65.26	64.29	63.32	62.35	61.38	60.41	59.44	58.47	57.50	56.53	55.56	54.59	53.62	52.65	51.68	50.71	49.74	48.77	47.80	46.83	45.86	44.89	43.92	42.95	41.98	41.01	40.04	39.07	38.10	37.13	36.16	35.19	34.22	33.25	32.28	31.31	30.34	29.37	28.40	27.43	26.46	25.49	24.52	23.55	22.58	21.61	20.64	19.67	18.70	17.73	16.76	15.79	14.82	13.85	12.88	11.91	10.94	9.97	9.00	8.03	7.06	6.09	5.12	4.15	3.18	2.21	1.24	0.27	0.30	0.33	0.36	0.39	0.42	0.45	0.48	0.51	0.54	0.57	0.60	0.63	0.66	0.69	0.72	0.75	0.78	0.81	0.84	0.87	0.90	0.93	0.96	0.99	1.02	1.05	1.08	1.11	1.14	1.17	1.20	1.23	1.26	1.29	1.32	1.35	1.38	1.41	1.44	1.47	1.50	1.53	1.56	1.59	1.62	1.65	1.68	1.71	1.74	1.77	1.80	1.83	1.86	1.89	1.92	1.95	1.98	2.01	2.04	2.07	2.10	2.13	2.16	2.19	2.22	2.25	2.28	2.31	2.34	2.37	2.40	2.43	2.46	2.49	2.52	2.55	2.58	2.61	2.64	2.67	2.70	2.73	2.76	2.79	2.82	2.85	2.88	2.91	2.94	2.97	3.00	3.03	3.06	3.09	3.12	3.15	3.18	3.21	3.24	3.27	3.30	3.33	3.36	3.39	3.42	3.45	3.48	3.51	3.54	3.57	3.60	3.63	3.66	3.69	3.72	3.75	3.78	3.81	3.84	3.87	3.90	3.93	3.96	3.99	4.02	4.05	4.08	4.11	4.14	4.17	4.20	4.23	4.26	4.29	4.32	4.35	4.38	4.41	4.44	4.47	4.50	4.53	4.56	4.59	4.62	4.65	4.68	4.71	4.74	4.77	4.80	4.83	4.86	4.89	4.92	4.95	4.98	5.01	5.04	5.07	5.10	5.13	5.16	5.19	5.22	5.25	5.28	5.31	5.34	5.37	5.40	5.43	5.46	5.49	5.52	5.55	5.58	5.61	5.64	5.67	5.70	5.73	5.76	5.79	5.82	5.85	5.88	5.91	5.94	5.97	6.00	6.03	6.06	6.09	6.12	6.15	6.18	6.21	6.24	6.27	6.30	6.33	6.36	6.39	6.42	6.45	6.48	6.51	6.54	6.57	6.60	6.63	6.66	6.69	6.72	6.75	6.78	6.81	6.84	6.87	6.90	6.93	6.96	6.99	7.02	7.05	7.08	7.11	7.14	7.17	7.20	7.23	7.26	7.29	7.32	7.35	7.38	7.41	7.44	7.47	7.50	7.53	7.56	7.59	7.62	7.65	7.68	7.71	7.74	7.77	7.80	7.83	7.86	7.89	7.92	7.95	7.98	8.01	8.04	8.07	8.10	8.13	8.16	8.19	8.22	8.25	8.28	8.31	8.34	8.37	8.40	8.43	8.46	8.49	8.52	8.55	8.58	8.61	8.64	8.67	8.70	8.73	8.76	8.79	8.82	8.85	8.88	8.91	8.94	8.97	9.00	9.03	9.06	9.09	9.12	9.15	9.18	9.21	9.24	9.27	9.30	9.33	9.36	9.39	9.42	9.45	9.48	9.51	9.54	9.57	9.60	9.63	9.66	9.69	9.72	9.75	9.78	9.81	9.84	9.87	9.90	9.93	9.96	9.99	10.02	10.05	10.08	10.11	10.14	10.17	10.20	10.23	10.26	10.29	10.32	10.35	10.38	10.41	10.44	10.47	10.50	10.53	10.56	10.59	10.62	10.65	10.68	10.71	10.74	10.77	10.80	10.83	10.86	10.89	10.92	10.95	10.98	11.01	11.04	11.07	11.10	11.13	11.16	11.19	11.22	11.25	11.28	11.31	11.34	11.37	11.40	11.43	11.46	11.49	11.52	11.55	11.58	11.61	11.64	11.67	11.70	11.73	11.76	11.79	11.82	11.85	11.88	11.91	11.94	11.97	12.00	12.03	12.06	12.09	12.12	12.15	12.18	12.21	12.24	12.27	12.30	12.33	12.36	12.39	12.42	12.45	12.48	12.51	12.54	12.57	12.60	12.63	12.66	12.69	12.72	12.75	12.78	12.81	12.84	12.87	12.90	12.93	12.96	12.99	13.02	13.05	13.08	13.11	13.14	13.17	13.20	13.23	13.26	13.29	13.32	13.35	13.38	13.41	13.44	13.47	13.50	13.53	13.56	13.59	13.62	13.65	13.68	13.71	13.74	13.77	13.80	13.83	13.86	13.89	13.92	13.95	13.98	14.01	14.04	14.07	14.10	14.13	14.16	14.19	14.22	14.25	14.28	14.31	14.34	14.37	14.40	14.43	14.46	14.49	14.52	14.55	14.58	14.61	14.64	14.67	14.70	14.73	14.76	14.79	14.82	14.85	14.88	14.91	14.94	14.97	15.00

STANDARD AND POORS

Stock	May 3	May 2	May 1	Apr. 29	Apr. 28	Apr. 27	Apr. 26	Apr. 25	Apr. 24	Apr. 23	Apr. 22	Apr. 21	Apr. 20	Apr. 19	Apr. 18	Apr. 17	Apr. 16	Apr. 15	Apr. 14	Apr. 13	Apr. 12	Apr. 11	Apr. 10	Apr. 9	Apr. 8	Apr. 7	Apr. 6	Apr. 5	Apr. 4	Apr. 3	Apr. 2	Apr. 1																																																																																			
Industrial	110.09	109.55	109.01	108.47	107.93	107.39	106.85	106.31	105.77	105.23	104.69	104.15	103.61	103.07	102.53	101.99	101.45	100.91	100.37	99.83	99.29	98.75	98.21	97.67	97.13	96.59	96.05	95.51	94.97	94.43	93.89	93.35	92.81	92.27	91.73	91.19	90.65	90.11	89.57	89.03	88.49	87.95	87.41	86.87	86.33	85.79	85.25	84.71	84.17	83.63	83.09	82.55	82.01	81.47	80.93	80.39	79.85	79.31	78.77	78.23	77.69	77.15	76.61	76.07	75.53	74.99	74.45	73.91	73.37	72.83	72.29	71.75	71.21	70.67	70.13	69.59	69.05	68.51	67.97	67.43	66.89	66.35	65.81	65.27	64.73	64.19	63.65	63.11	62.57	62.03	61.49	60.95	60.41	59.87	59.33	58.79	58.25	57.71	57.17	56.63	56.09	55.55	55.01	54.47	53.93	53.39	52.85	52.31	51.77	51.23	50.69	50.15	49.61	49.07	48.53



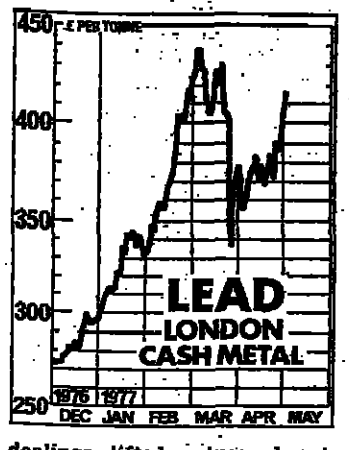
FARMING AND RAW MATERIALS

U.K. timber import bill warning

By Ray Fernan, Scottish Correspondent. BRITAIN COULD be facing price rises for timber—our third most expensive import—on the scale of the OPEC increases in oil...

General rise in London base metal prices

BY PETER BULLEN. THERE WAS a general firming in the price of all the base metals on the London Metal Exchange yesterday and for a change lead was in the vanguard.



Cash wirebars ended the day £14 up at \$811 a tonne. Earlier Reuter reported from Washington, U.S. Bureau of the Mint officials had said sealed offers in response to its buying tender for 12m. pounds of copper cathodes would be opened to-day.

Peru stops anchovy fishing

LIMA, May 3. ANCHOVY fishing off the Peruvian coast will stop on Friday at the end of one of the shortest campaigns on record, the Fisheries Ministry announced, reports Reuter.

WORLD GRAIN Stocks heading for another record

WASHINGTON, May 3. The agriculture report made no mention of future grain prices. But if the forecast of another increase in carryover stocks proves accurate, market prices are expected to remain comparatively weak.

U.S. wheat price aim

THE SENATE Agriculture Committee has modified a bill it adopted earlier for wheat target prices, as it continued consideration of a new five-year farm bill.

More Jamaican bauxite produced

By Caute James. JAMAICA'S BAUXITE production increased 17.4 per cent in the first quarter of this year compared with the corresponding period last year, the Jamaica Bauxite Institute said.

U.S. dashes cocoa pact hopes

BY RICHARD MOONEY. THE U.S. has signed the International Coffee Agreement, is taking part in negotiations for a new International Cocoa Agreement and has expressed interest in an international wheat pact.

The firm overnight tone in New York, but with dealers fearing that the market was a little overbought prices drifted lower. Monday's dramatic decline in coffee futures prices was continued in early dealings, but the selling was well absorbed and nervous covering quickly reversed the declines.

World cotton forecast

WASHINGTON, May 3. WORLD COTTON production this season is still estimated at 27.7m. bales (473 pounds each), about 3.1m. bales more than the output of last season, the International Cotton Advisory Commission said.

Rain and hail ravage North Indian winter wheat crops

BY K. K. SHARMA. NEW DELHI, May 3. UNSEASONAL RAIN and hailstorms all over the wheat-growing states in Northern India have caused considerable damage to the "rabi" (winter) crop now being harvested.

of damaged wheat for animal and poultry feed. But for this the farmer will not get the guaranteed minimum support price of Rs.110 a quintal. Damaged crops are that about 10 per cent of the 25m. tonnes of wheat production anticipated has been destroyed.

HK EXCHANGE GETS LICENCE

HONG KONG, May 3. The Government has approved the application by the Hong Kong Commodity Exchange for a licence.

BRAZIL SOYA TAX

RIO DE JANEIRO, May 3. BRAZIL'S NATIONAL Monetary Council has raised the ad valorem export tax on soyabean, meal, cake and oil to 12 per cent.

COMMODITY MARKET REPORTS AND PRICES

Table with columns for COMMODITY, UNIT, and PRICE. Includes sections for BASE METALS, COPPER, and WIREBAR.

Table with columns for COMMODITY, UNIT, and PRICE. Includes sections for COCOA, COFFEE, and RUBBER.

Table with columns for COMMODITY, UNIT, and PRICE. Includes sections for SUGAR, WOOL FUTURES, and PALM OIL.

Table with columns for COMMODITY, UNIT, and PRICE. Includes sections for SOYABEAN MEAL, GRAINS, and MEAT/VEGETABLES.

Table with columns for COMMODITY, UNIT, and PRICE. Includes sections for COTTON, WHEAT, and RICE.

Table with columns for COMMODITY, UNIT, and PRICE. Includes sections for CATTLE, PIGS, and SHEEP.

A Complete Commodity Service. The risks (and possible rewards) in trading commodity futures today are greater than ever before and it is important that those involved be kept informed daily, if not hourly, of prices and background news.

C.C.S.T. Commodities Ltd. Walsingham House, 35 Seething Lane, London EC3N 4AH.

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COMPANY NOTICES. BLACKWOOD MORTON & SONS. NOTICE IS HEREBY GIVEN that the Board of Directors of the Company will meet on Wednesday, 4th May, 1977.

Table with columns for COMMODITY, UNIT, and PRICE. Includes sections for SILVER, JUTE, and SOYABEAN MEAL.

Table with columns for COMMODITY, UNIT, and PRICE. Includes sections for WOOL FUTURES, PALM OIL, and MEAT/VEGETABLES.

Table with columns for COMMODITY, UNIT, and PRICE. Includes sections for CATTLE, PIGS, and SHEEP.

Table with columns for COMMODITY, UNIT, and PRICE. Includes sections for SUGAR, WOOL FUTURES, and PALM OIL.

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FINANCIAL TIMES. May 3 1977. 271.79. 209.56. (Base: 1 July 1, 1962=100)



STOCK EXCHANGE REPORT

Gilts up after early falls and equities above worst Share index down 2.7 at 428.0—Pressure on Banks—Oils dull

Account Dealing Dates

Table with columns for Account Dealing Dates and Last Account Dealings Dates.

Options

First Call—Last Account Dealings Dates... Options... The narrow limits within which leading equities have traded since Monday's start to the second leg of the Account was...

the occasional rise on balance

prior to closing a net 1 better... The Government Securities Index put on 0.13 more to 62.66 for an overall rise of 1.08 in the last five trading sessions...

while the dividend forecast

comparing details of the proposed rights issue left Watis Blake and Bearse only a penny better at 139p...

dropping 8 to 135p. J. Sainsbury

shaded 3 to 174p in front of today's preliminary results... higher earnings lifted Flight Refuelling 2 to 46p...

higher earnings lifted Flight

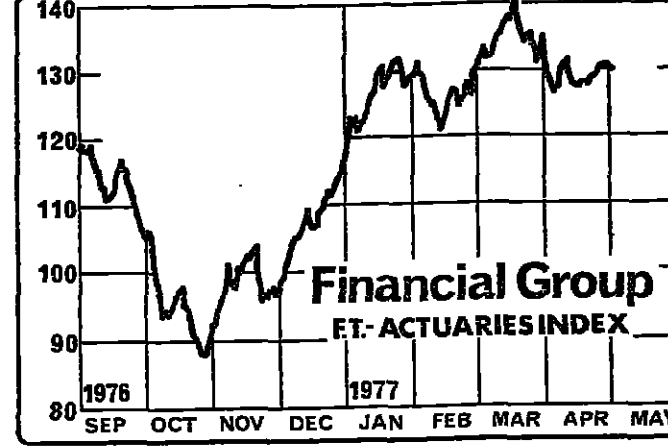
Refuelling 2 to 46p... The Property sector presented a rather mixed appearance...

After drifting lower on fresh

scattered offerings and lack of support... Camelia Investments featured an otherwise quiet firm investment...

FINANCIAL TIMES STOCK INDICES table with columns for various indices and their values.

HIGHS AND LOWS S.E. ACTIVITY table with columns for High, Low, and S.E. Activity.



Banks dull

The big four Banks remained dull as adverse comment about profit margins brought further selling pressure...

L. Wigfall advance

Little worthy of note occurred in the Electrical leaders, which moved within narrow trading limits...

Hay's Wharf up

Metal Box gave up 6 to 294p, but other losses in the miscellaneous industrial leaders were limited...

Ultrapram good

After drifting lower on fresh scattered offerings and lack of support, oil shares encountered a recovery during the afternoon...

Thiess bid talk

In a slightly more active Australian mining market, rumours that Thiess would bid for the London terminal market...

FT-ACTUARIES SHARE INDICES

Table of FT-ACTUARIES SHARE INDICES with columns for various share indices and their values.

Gilts erratic

Changing views about the likely course of Aluminium Lending Rate this week were reflected in U.R. bonds, reversed the tendency...

Still drawing strength from the

results and proposed 100 per cent scrip-issue also brought forward 2 to 282p in Stores for a two-day advance of 12...

RECENT ISSUES

Table of RECENT ISSUES with columns for Issue Name, Price, and other details.

EQUITIES

Table of EQUITIES with columns for Stock Name, Price, and other details.

FIXED INTEREST STOCKS

Table of FIXED INTEREST STOCKS with columns for Stock Name, Price, and other details.

"RIGHTS" OFFERS

Table of "RIGHTS" OFFERS with columns for Stock Name, Price, and other details.

FIXED INTEREST

Table of FIXED INTEREST with columns for Stock Name, Price, and other details.

Gray Dawes & Company Limited advertisement text: a fully authorised bank and a wholly owned subsidiary of Inchcape & Co. Limited, wish to announce that they have no connection with G. R. Dawes Holdings Limited, the Birmingham based banking and industrial holding company whose directors are proposing that the latter company should go into members' voluntary liquidation.

ACTIVE STOCKS

Table of ACTIVE STOCKS with columns for Stock Name, Price, and other details.

OPTIONS TRADED

Table of OPTIONS TRADED with columns for Stock Name, Price, and other details.

NEW HIGHS AND LOWS FOR 1977

Table of NEW HIGHS AND LOWS FOR 1977 with columns for Stock Name, Price, and other details.

RISES AND FALLS YESTERDAY

Table of RISES AND FALLS YESTERDAY with columns for Stock Name, Price, and other details.

NEW HIGHS AND LOWS FOR 1977

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Table of NEW HIGHS AND LOWS FOR 1977 with columns for Stock Name, Price, and other details.



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AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Table of Authorised Unit Trusts with columns for Trust Name, Manager, and various performance metrics.

Table of Offshore and Overseas Funds with columns for Fund Name, Manager, and performance data.

Table titled 'BASE LENDING RATES' listing various banks and their respective interest rates.

INSURANCE, PROPERTY, BONDS

Table of Insurance, Property, and Bonds with columns for Company Name, Product, and details.

Advertisement for 'Are you a Stock Exchange Investor?' featuring a large graphic of a telephone handset and contact information.

Advertisement for 'INSURANCE BASE RATES' with a table showing rates for various insurance types and a 'CORAL INDEX' section.



# Brown Shipley

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Founders Court, Louthbury London EC2R 7HE

# FT SHARE INFORMATION SERVICE

CANADIANS										BUILDING INDUSTRY—Continued										DRAPERY AND STORES—Continued										ENGINEERING—Continued									
High	Low	Stock	Price	Dr. Crs.	Div. Yr.	Div. %	PE	High	Low	Stock	Price	Dr. Crs.	Div. Yr.	Div. %	PE	High	Low	Stock	Price	Dr. Crs.	Div. Yr.	Div. %	PE	High	Low	Stock	Price	Dr. Crs.	Div. Yr.	Div. %	PE								
111	110	111	110	111	110	111	110	111	110	111	110	111	110	111	110	111	110	111	110	111	110	111	110	111	110	111	110	111	110	111	110	111							

### BRITISH FUNDS

High	Low	Stock	Price	Dr. Crs.	Div. Yr.	Div. %	PE
101	100	101	100	101	100	101	100

### INTERNATIONAL BANK

High	Low	Stock	Price	Dr. Crs.	Div. Yr.	Div. %	PE
101	100	101	100	101	100	101	100

### CORPORATION BONDS

High	Low	Stock	Price	Dr. Crs.	Div. Yr.	Div. %	PE
101	100	101	100	101	100	101	100

### FOREIGN BONDS & RAILS

High	Low	Stock	Price	Dr. Crs.	Div. Yr.	Div. %	PE
101	100	101	100	101	100	101	100

### BANKS AND HIRE PURCHASE

High	Low	Stock	Price	Dr. Crs.	Div. Yr.	Div. %	PE
101	100	101	100	101	100	101	100

### HIRE PURCHASE, ETC.

High	Low	Stock	Price	Dr. Crs.	Div. Yr.	Div. %	PE
101	100	101	100	101	100	101	100

### BEERS, WINES AND SPIRITS

High	Low	Stock	Price	Dr. Crs.	Div. Yr.	Div. %	PE
101	100	101	100	101	100	101	100

### BUILDING INDUSTRY—TIMBER AND ROADS

High	Low	Stock	Price	Dr. Crs.	Div. Yr.	Div. %	PE
101	100	101	100	101	100	101	100

### CHEMICALS, PLASTICS

High	Low	Stock	Price	Dr. Crs.	Div. Yr.	Div. %	PE
101	100	101	100	101	100	101	100

### CINEMAS, THEATRES AND TV

High	Low	Stock	Price	Dr. Crs.	Div. Yr.	Div. %	PE
101	100	101	100	101	100	101	100

### DRAPERY AND STORES

High	Low	Stock	Price	Dr. Crs.	Div. Yr.	Div. %	PE
101	100	101	100	101	100	101	100

### ELECTRICAL AND RADIO

High	Low	Stock	Price	Dr. Crs.	Div. Yr.	Div. %	PE
101	100	101	100	101	100	101	100

### ENGINEERING, MACHINE TOOLS

High	Low	Stock	Price	Dr. Crs.	Div. Yr.	Div. %	PE
101	100	101	100	101	100	101	100

### FOOD, GROCERIES, ETC.

High	Low	Stock	Price	Dr. Crs.	Div. Yr.	Div. %	PE
101	100	101	100	101	100	101	100

### HOTELS AND CATERERS

High	Low	Stock	Price	Dr. Crs.	Div. Yr.	Div. %	PE
101	100	101	100	101	100	101	100

High	Low	Stock	Price	Dr. Crs.	Div. Yr.	Div. %	PE
101	100	101	100	101	100	101	100

Handwritten note: 100/100







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## Leyland plan backed by Enterprise Board

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

BRITISH LEYLAND'S revised business plan, which argues that the company should be allowed to follow the broad policy laid down two years ago, appears to have won strong support from Lord Ryder, chairman of the National Enterprise Board.

The Board, which owns 95 per cent of the Leyland equity, is now considering the Leyland review as a matter of "great urgency," Lord Ryder said yesterday.

All the options which had been presented by Leyland for the future of the company would be considered, and the NEB would be looking at the possibility of splitting up the company's product groups.

But answering a series of questions while introducing the NEB's first report and accounts, he gave a strong impression that the Board would back the Leyland recommendations provided there was no serious industrial relations trouble within the next few weeks.

He described the Leyland review, prepared after the intervention of the Government in the toolmakers' strike in March, and submitted a week ago, as "a very thorough job with good objectivity."

It was always unlikely, he added, that in two different bodies there would be 100 per cent agreement and the Board was doing a lot of work on its own account in analysing and discussing the various recommendations.

But he stressed that "little had changed" in the company since the original report on British Leyland, published two years ago and prepared by Lord Ryder himself.

It had been knocked off course by the "terrible trouble" it had experienced during the toolmakers' dispute in February. But there were good job prospects if only it could solve its industrial relations problems.

"If we can achieve an improvement in industrial relations which we are all deeply seeking in the long term, there will be improved employment prospects in the company."

**Inquiries**

Lord Ryder, who was paid £31,850 last year, claimed that the problems at Leyland had not in any way detracted from the value of the NEB, and that it was still getting a large number of inquiries from prospective borrowers. Nor had the large sums of money it is lending to the motor company and Rolls-Royce limited it from other big investments.

Giving a spirited defence of the Board, which made a £51.3m profit last year on a turnover of £2.8bn, he said he wanted to show that it was "contributing to the increased industrial efficiency in this country."

"If we can do that, our record will speak for itself irrespective of party."

The report shows that judged on inflation accounting principles, the £51m profit would have been turned into a £100m loss.

It states: "The cost of sales adjustment in relation to inventories consumed in the period is estimated to increase costs by some £150m."

"The additional depreciation charge required is estimated to be offset by the effects of inflation on the net monetary liabilities giving an overall loss for the period adjusted for inflation of some £100m."

Pre-tax return on capital employed by the Board and its subsidiaries was 11.5 per cent, going up to 14.7 per cent if British Leyland and Rolls-Royce were excluded.

Because of a £1m shortfall on its own income—the difference between the income receivable from its own subsidiaries and interest payable to the Government—the Board passed its dividend to the Government last year. It is expected that income will be sufficient to cover expenses in future years.

● Leyland exports to Europe rose 5 per cent in the first quarter of this year, compared with the same period last year. Leyland International said yesterday. In France and Germany sales were up 46 per cent, and 40 per cent.

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**Details Page 25**

## Shareholder calls for inquiry into Crédit Suisse

BY JOHN WICKS

ZURICH, May 3.

THE SWISS discount retail concern, Denner AG, a shareholder of Crédit Suisse, has written to the Swiss Federal Banking Commission calling for an investigation of the entire management of the bank by a competent and independent auditing authority.

Meanwhile, it was announced today that the Swiss Cabinet will make a statement to Parliament tomorrow morning on the problems of the company.

Should Denner have received no positive answer by May 13, it will call for an extraordinary general meeting of Crédit Suisse.

In its letter to the Banking Commission, Denner claims that losses incurred by the Chiasso affair—in which SwFr2.2bn of clients' fiduciary funds were misdirected to Liechtenstein—are far bigger than has been thought and says many people and companies are involved in the scandal.

Denner says although there is talk of further evidence concerning not only the Chiasso branch and "justified apprehensions that further dubious transactions are about to be discovered," the bank has not found it necessary to inform shareholders and the public.

The investigations demanded by Denner should, the company says, be aimed particularly at ascertaining whether criminal acts have been committed, how high the total loss will be, and what steps should be taken to ensure that the bank's outside auditors are responsible or partially responsible for the loss, and what sums senior bank officials have drawn in the past five years as emoluments and other "financial advantages."

The Denner concern, headed by Herr Karl Schweri, has in recent years been involved in large public and political campaigns—and some years ago carried through a successful national referendum against cigarette resale price maintenance after this had already been approved by Parliament.

Herr Schweri, who operates his chain of 138 Swiss cut-price shops on a minimum profit margin and frequently targets consumer causes, is no friend to big banks at the past hands he has suffered in the past. It remains to be seen whether he could raise sufficient support for an extraordinary general meeting, which can be convened at the request of one or more shareholders, but at least 10 per cent of the bank's basic capital has to be in favour and Denner owns less than this.

This morning a Denner spokesman told the Financial Times that, should the letter to the Banking Commission not prove successful, Denner will approach other shareholders to obtain support.

In the meantime, all four coalition parties have lodged Parliamentary questions with the Federal Council on the Chiasso affair.

The Radicals have asked for information on the circumstances which led to the case as well as details of the possible financial loss and the affected interests.

The Social Democrats have also been asked by the Radicals for possibilities exist for the restitution of the losses and the "restoration of trust in our banking system at home and abroad."

The Social Democrats have presented a packet of questions based on the premise that the Chiasso affair is symptomatic of Swiss banking as a whole. The party asks, among other things, whether steps can be taken against the influx of foreign money into Switzerland, against the role of the institution in banking secrecy and to extend state banking surveillance and control.

The party also asks the Federal Council whether Switzerland's relationship to Liechtenstein has been opened up to "serious financial transactions," should not be reviewed.

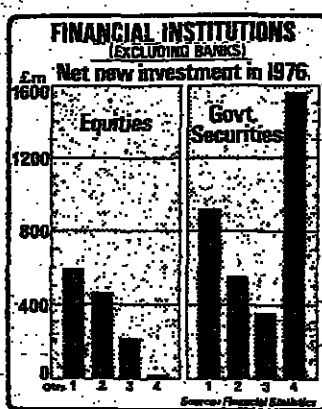
The Christian Democratic Party has asked whether the recently revised banking law and the Federal Banking Commission are able to handle new problems arising in connection with the bank and whether there should be internal re-organisation within banks and their internal control systems.

The Swiss People's Party, the smallest coalition party, asks the Federal Council whether it has considered the possibility of preparing to inform the public, also what the reasons for the case are and whether banking controls should be strengthened.

### THE LEX COLUMN

## The gilt/equity pendulum

Index fell 2.7 to 428.0



Official statistics now quantify the massive switch of institutional cash flows away from equities and into the gilt-edged market towards the end of last year. In October-December over the pension funds largely abandoned their normal taste for equities, and of their cash inflow of £771m. They only put £121m into Ordinary shares, the lowest figure for any quarter since 1974. Meanwhile they ran down liquidity by £140m, to help finance gilt-edged purchases of £55m.

The recent balance sheets of insurance companies have already made clear their preference for the gilt-edged alternative (with only Pearl Assurance, putting £39m, into equities against £23m, into gilts, standing out against the trend). The insurance sector as a whole appears to have made virtually no new equity investment in the final quarter compared with a £770m, plunge in gilts. In the full year 1976 insurance companies bought over £1.8bn of gilts, while restricting net equity purchases to £227m, down from £339m, in 1975.

In the early part of 1977 this investment pattern may have continued, but on a more limited scale and recently the institutions have been building up liquidity again. The figures for net investment do, of course, tend to reflect what is available, and the modest resurgence of rights issues (close to £150m in April) combined with a falling off in gilt-edged issues will now be altering the balance. In any case, many funds may now feel that their portfolios are more than adequately weighted with gilts, especially the pension funds which have more cause to worry about the trend of inflation. Since early April the reverse yield gap has once again been widening.

**Laporte**

The stock market had been discounting a hefty recovery in Laporte's profits, the recent figures from Titanium dioxide having already highlighted the extent of the improvement in Laporte's important titanium dioxide market, so a jump of £11.0m, in preliminary pre-tax profits to £15.3m, left the shares unmoved at 118p.

The last 18 months have seen a dramatic recovery in Laporte's profitability, with pre-tax profits virtually doubling between the first and second halves of last year. The decline in sterling funds at the year-end are £5.7m, lower at £9m, and even then only after an injection of £2.6m, from the reserve for deferred tax. The shares slipped 3p to 28p yesterday where the yield is still 12.1 per cent.

All those rumours about an imminent breach of loan stock trust deed appear to have been unfounded for borrowings, which total £10m, net of cash, are still some £5m, short of their limit in this respect. But the margin would only have been £2.7m, without the deferred tax move.

Meanwhile, trading in the current year is said to be improving: profits for the first quarter are apparently some 40 per cent up on the very bad start to 1976. AP reckons it can virtually eliminate £0.6m, U.K. losses this year with the losses in Australia (£0.8m, in 1976) also coming down sharply. The investment in Australia now totals about £7m, and the division accounted for nearly 15 per cent of group sales in 1976.

Clearly cash conservation remains a high priority for AP. Capital spending will not move above last year's £1.3m, and working capital levels are being contained. At this stage the market is tentatively betting on current year earnings of around 5p a share fully taxed—against the 1975 dividend of 4.4p net.

**NEB**

It is too early to make any judgments about the financial performance of the National Enterprise Board, but the first annual report (price: £1.25) provides an indication of some of the problems involved. For its part, the NEB shows an inclination to split off British Leyland and Rolls-Royce, presumably fearing that these low return areas will overwhelm results elsewhere (their exclusion raises the pre-tax return on capital from 11.3 to 14.7 per cent).

The NEB is mostly financed by £460m, (as at December 31) of public dividend capital (in which no dividend has been paid). Consolidated pre-tax profits, on the basis of this capital structure, happen to emerge at £51.3m. But the cost of sales adjustment is estimated at £150m, and additional depreciation (unstated) must be substantial; even after adding back gains on monetary liabilities the NEB estimates a loss of £100m, after adjustment for inflation, which is some measure of the scale of the task it faces.

## Labour plans tax rights for Scottish Assembly

BY RICHARD EVANS, LOBBY EDITOR

SENIOR MINISTERS are now determined to include revenue-raising powers for Scotland in devolution legislation next session to gain the vital support of the Liberals.

This was the main outcome of a tactical meeting of Ministers at Downing Street called yesterday to assess all options on the legislation, still considered essential by the Government if Labour is to retain a firm hold on Parliamentary seats in Scotland.

Mr. Michael Foot, Lord President and the Midtler responsible for devolution, has instructed civil servants to draw up proposals for giving a Scottish Assembly taxation powers before the Government's re-drafted scheme is unveiled towards the end of the month.

The aim is to secure firm Liberal support for the Bill next session, including backing for a gullotine curtailing debate which will be essential for a measure of such complexity.

The move was lost on the gullotine in February and gave the Government no option but to withdraw the Bill for this session.

The major question still hanging over the legislation is the degree of hostility that remains among Labour backbenchers. Mr. Foot will meet Labour dissenters early next week to assess their mood.

There is little doubt that the Tories, who were divided over the legislation because of the anxieties of some Scots pro-devolutionists, are now moving away from their support for a directly elected assembly.

The Scots Tories, meeting in conference next week-end are expected to withdraw from any meaningful commitment to devolution.

When all the revenue-raising options were discussed in the preliminary stages of drawing up the devolution proposals, the Government favoured a surcharge on rates. But that proved to be so controversial that it was dropped before the Bill was published.

## Loan package for Crown Agents

BY MARGARET REID

LOANS TALLING \$US220m, (£130m), are being made available to the Crown Agents over the next five years by a syndicate of British banks. The money will allow the Agents to refinance, on a medium-term basis, the large property investments in Australia in which they became involved in the early 1970s and from which they plan to withdraw, as conditions permit.

The loan package, which is being provided through the Euro-dollar market, is to be in three parts and will be on a flexible basis, allowing the Agents to draw on it according to need. The lead lending bank is the Midland Bank, and the other lenders are Barclays Bank International, Lloyds Bank International Westminster Bank, Standard Chartered Bank, Samuel Montagu, and Midland and International Banks.

This major refinancing operation, which will not add to the Crown Agents' commitments in Australia, received the public blessing of Mrs. Judith Hart, Minister for Overseas Development, yesterday.

Mrs. Hart, who had made it clear that the Government stood behind the Agents when she announced an £85m grant to them in December 1974, said in the Commons yesterday that she had approved the new loan package.

Answering a question from Mr. Dennis Skinner, Labour MP for Bolsover, Mrs. Hart said she had earlier discussed with the Agents her earlier policy directive requiring withdrawal from investment in property and secondary banking should be applied to Australia.

She then referred to action the Agents had taken, with Government approval, to secure control of the Abbey Capital Property Group in Australia, for which they had put up almost all the development finance.

Making it clear that she means to keep surveillance over the Agents' orderly withdrawal from Australia, Mrs. Hart said: "I shall wish for continuing consultations about the strategy to be followed in conducting the affairs of the (Abbey) group, which must take account of trends in the Australian market." Six-monthly reports are to be submitted to her by the Agents.

Continued from Page 1

## Nuclear

both civil and military plutonium in the same plant at Windeale, whereas the U.S. is proposing to reactivate an old reprocessing facility at Hanford to treat its military plutonium.

The most controversial proposal is that between the British officials is that Britain should accept the U.S.-designed light water reactor—the reactor endorsed unreservedly by President Carter in his recent energy policy statement for construction in the U.K. provided the U.S. relaxed its proposals to restrict reprocessing of spent nuclear fuel.

The British Government has no doubt that the U.S. could scuttle the reprocessing contract worth several hundred million pounds, under negotiation between British Nuclear Fuels and the Japanese electricity industry for the treatment of Japan's spent nuclear fuel during the 1980s.

Agreements between the U.S. and Japan require Japan first to obtain a licence from the U.S. before it can re-export uranium fuel originally enriched by the U.S. Government.

Dr. Joseph Nye, a senior official from the State Department, said at the IAEA nuclear power meeting here on Monday that the U.S. Government would be willing to consider applications from nations on a "case by case basis," and would give its consent for the re-export of spent fuel where "clear need was demonstrated."

But Dr. Nye made it clear he did not expect that such an approach to extend to 10-year contracts of the kind being negotiated by Britain and France with Japan.

"I don't think case-by-case and a ten-year contract are consistent," he said. "Without such a contract and the substantial advance payment it was expected to bring, British Nuclear Fuels would not be able to finance its proposed £250m reprocessing plant."

But the optimism expressed by Dr. Nye that his discussions with the main nuclear supplier nations, including Britain, in London last week, were well disposed towards President Carter's proposals has not been corroborated by other government officials.

At a tense meeting in London last week of the 15-nation nuclear suppliers group, the Soviet Union apparently delivered the most eloquent rejection of Dr. Nye's proposals.

The Russians simply ignored the U.S. proposals, but distributed a document putting forward a policy totally opposed to that of the U.S. This accepted reprocessing and its plutonium by-product as facts of life.

The Soviet Union reprocesses spent fuel for all the East Bloc satellite nations and retains the plutonium.

Continued from Page 1

## Strike in Ulster may spread

half the 1.5m. population lives within 10 miles of the city centre, shopkeepers reported four workers out of every five turning up for work in the morning. The guarded shopping centres functioned normally although there were fewer shoppers about. The first real impact of the strike was felt in the city when the province's only evening paper, the Belfast Telegraph, failed to appear because of intimidation.

Only a few copies of the 175,000 print had been run off when a telephone threat was received. The management told the staff that the decision whether to close or carry on was up to them. Many were anxious to continue printing but the machine-room staff settled the issue by walking out.

The paper is expected to be back on the streets today.

The Action Council said last night the paper was regarded as essential service, and as such it should not be included in the strike. Either, one of the militants exceeded his instructions by threatening the paper or the call was a hoax.

The strike of the threatening telephone call is already becoming depressingly familiar. I heard one such call as I stood in an office in central Belfast. The caller said it was a soft voice: "It would be a good idea if you closed your Bangor office."

That was all. But it was enough for the businessman to ring his Bangor staff at once and send them home. He reasoned it would be unfair of him to do anything else because he could not offer personal protection.

In the Protestant areas of Belfast groups of militant groups at street corners watching houses and key points such as work

entrances, harbour gates and the gates of the province's biggest employer, the Harland and Wolff shipyards.

The militants in turn are watched by police units. But I had not seen or heard of instances of the police interfering to stop individuals being approached by militants. The tactics approved at the moment by Mr. Mason seem to consist of putting the Royal Ulster Constabulary in the front line but with orders to avoid provoking clashes with militants. The Army is almost out of sight apart from the usual security patrols against terrorism.

Mr. Mason claimed last night that the strike had not succeeded in achieving its objective. He said in a statement issued from Stormont that roads were open, petrol stations serving and electricity supplies were available.

The fact is that the industrial life of the province has been considerably disrupted although experienced so far have varied widely from plant to plant. Harland and Wolff is working but the company says its workforce is at reduced strength. The company will not give figures.

ICI, Rothmans and Courtaulds were largely unaffected as the morning shift clocked in. But the many engineering works in the Belfast area reported to the trade associations and the Confederation of British Industry office that work forces were as low as 40 per cent of normal.

A number of engineering workers left their factories and went home during the day after threatening messages had been sent in to them by militant groups. Often the pattern of the message was that they should go

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